

Toll Rises In Ferry Disaster

Divers Recover 104 Bodies as Search Goes On

ZEBRUGGE, Belgium — Divers combing through mud and debris recovered 104 bodies on Wednesday from the flooded hull of the British cross-channel ferry that sank off this North Sea port on March 6, officials said.

About 30 more bodies were believed to be still trapped inside the Herald of Free Enterprise, whose keel was resting on the sandy bottom in 30 feet (about 9 meters) of water, less than a mile from the Zeebrugge harbor entrance.

Officials said up to 20 of those 30 have been located in upper decks and would be brought ashore Thursday. They said they doubted the other 10 could be recovered from the submerged lower reaches of the vessel until after it had been refloated. The salvage company said that could take two more weeks.

Frank Slootmans, a spokesman for the Zeebrugge naval base, said "104 bodies have been brought ashore" since the ferry was righted on Tuesday. He said divers halted their efforts on Wednesday afternoon because of fatigue and because they needed additional equipment.

Townsend Thoresen Co., which owns the ferry, and local Belgian authorities said after the accident that 409 people had survived. The total number of passengers and crew was set at 543 and 61 bodies were recovered before salvage operations started Tuesday.

The final death count is expected to be about 195, making it one of Europe's worst maritime disasters in peacetime. Most of the victims are believed to have been British.

The cause of the accident remains under investigation by Belgian and British authorities.

Members of the Belgian and British naval diving teams described distressing scenes aboard the vessel.

"It is absolutely disastrous and horrific inside," said Commander Jack Birkett, who was directing the British Royal Navy divers. "I'm experienced in these matters and I've mentally prepared myself for what I thought would be the situation on board, but it was far worse than I anticipated."

It has been established that massive amounts of seawater entered the ferry's bow loading doors during the capsizing, which happened in less than a minute. It remains unclear why the water was able to clear the doorway, which normally is well above the waterline.

Kiosk Jordan, U.S. Split on Mideast

WASHINGTON (Reuters) — Prime Minister Zaid al-Rifa'i of Jordan said Wednesday that Amman and Washington were still far apart on what kind of international conference could bring peace to the Middle East.

"We still have a lot of work to do," he said at a news conference after two days of talks in Washington. He said the differences between the two sides "all related to the role of the conference, the modalities of it, its terms of reference, its scope."



A tightly wrapped harpoon gun on the deck of a Japanese boat that returned from its last whaling voyage. Page 6.

GENERAL NEWS France introduced a military budget plan that calls for upgrading the country's nuclear strike force. Page 3.

BUSINESS/FINANCE Britain and Japan clashed over Britain's demands for greater access to the Tokyo Stock Exchange. Page 9.



SIEGE BROKEN — Palestinian children, one holding an AK-47 automatic rifle, after Syrian troops arrived in the Chatila camp in Beirut. The Syrians supervised the evacuation of wounded refugees on Wednesday. Page 2.

Hong Kong Losing Trust in British Policy

By Patrick L. Smith International Herald Tribune

HONG KONG — Controversial legislative changes and the government's response to spreading public opposition is causing a dramatic loss of confidence in British policy toward this territory, according to local analysts and legislators.

With a decade left on Britain's colonial leases, many residents have begun to assert that the administration is preparing for Hong Kong's return to Chinese sovereignty by systematically reducing civil freedoms, tightening legislation and protecting government officials from public criticism.

Many officials view the spread of such skepticism as an unexpected challenge for Sir David Wilson, who assumes the post of colonial

governor on Thursday. The appointment of Sir David, a career diplomat and China specialist, has caused concern that London's relations with Beijing may be given precedence over the territory's interests.

Local worries have mounted significantly since the government passed a bill in mid-March that was criticized broadly as a threat to press freedom. It has since been disclosed that the government is seeking legal authority to censor films on the basis of political criteria, chiefly whether they are offensive to Beijing.

These legislative changes are the most recent in a series of controversial measures proposed over the last two years. Among other things, they have covered the use of non-

jury trials, increased police powers and the legality of criticizing local legislators.

Despite guarantees of a 50-year period of political and economic autonomy under Chinese rule, confidence in these assurances has been fragile since China vigorously criticized the indirect election two years ago of some members of the Legislative Council.

Recent developments are increasingly being taken as evidence that Britain lacks the political will to resist Beijing's efforts to intervene in the transition period leading to Britain's withdrawal in 1997.

"The Chinese side has been deliberately trying to lower our expectations," said Joseph Cheng, a political scientist at the Chinese University in Hong Kong. "We see

the British yielding, step by step, on every point."

One view gaining currency here is that Britain's behavior reflects informal agreements it has made with Beijing. Eschewing such conspiracy theories, political sources say Britain is seeking to avoid embarrassment or an abrupt trauma when it finally departs.

These sources also place recent events in the context of a steady reduction in the British commitment to Hong Kong's 5.6 million residents since the London Parliament enacted a toughened immigration law several years ago.

"At the very least, we have been insensitive," acknowledged a Hong Kong official who, nonetheless, de-

Another \$20 Million in Aid to Contras Is Missing as Funds Inquiry Widens

By Jeff Gerth and Stephen Engelberg New York Times Service

WASHINGTON — The Reagan administration and private supporters raised \$83 million to \$97 million for the Nicaraguan rebels from 1984 to 1986, far more than the main contra group estimated it needed, and more than \$20 million of the money cannot be accounted for, a review of their finances shows.

The amount raised is in addition to the \$10 million to \$20 million — also untraced — supposedly diverted to the contras from arms sales to Iran.

While it is not yet possible to piece together the contras' finances fully, information derived from their bank accounts, internal White House memos and interviews indicates that the total raised from 1984 to 1986 was at least \$38 million more than the \$45 million the contras said they needed to fight

the Sandinista government in Nicaragua.

Congressional and federal investigators say they suspect that at least some of the money that has not been accounted for was spent on activities in support of the contras directed by Lieutenant Colonel Oliver L. North, the National Security Council official who was dismissed after the first disclosures of the Iran-contra affair in November.

The investigators say the pool of surplus and unaccounted-for money is so large that they are pursuing other theories about what happened to it, including large-scale theft, waste and the diversion of some to other anti-Communist insurgents.

The help for the contras appears to have come from these sources: \$32 million from Saudi Arabia, \$10 million from Brunei, \$27 million in U.S. government aid for nonlethal purposes, goods and services from various groups worth \$10 to \$20 million, \$1 million to \$5 million

raised in currency dealings and \$3 million in miscellaneous contributions.

In 1986, as Colonel North was making impassioned pleas on behalf of the Nicaraguan rebels, classified intelligence reports showed that the contras were well provisioned. Intelligence officials say they are baffled by Colonel North's repeated references in internal memos to the need for large amounts of additional funds.

Previously undisclosed documents now being reviewed by a federal grand jury show that Colonel North was intimately acquainted with the contras' bank accounts a few months after the congressional ban on military aid to the rebels was imposed in 1984.

In early 1985, congressional investigators said, he wrote a letter using the code name "Steel Hammer" telling a contra leader, Adolfo Calero Portocarrero, who he referred to as "friend," that \$25 mil-

Gorbachev, the Architect of Change, Faces Deep Resistance

By Gary Lee Washington Post Service

MOSCOW — As much of the Communist world wrestles with the difficulties of economic reform, no single leader has become more personally identified with that struggle than the Soviet leader, Mikhail S. Gorbachev.

But Mr. Gorbachev's ambitious drive to revamp Soviet society is confronting more formidable domestic opposition than perhaps in any other Communist country. Resistance and red tape have diluted the comprehensive "radical

impact, according to official Soviet estimates.

Mr. Gorbachev's campaign to surmount the competitive and technological lag with the West that grew to alarming proportions during the prolonged Soviet slump of the past two decades has suffered from bickering over everything from project financing to whether some changes violate the norms of socialism.

Soviet citizens have faced a thickening of bureaucratic resistance in getting even pilot projects started despite the leader's blessings.

Mr. Gorbachev and other advocates of reform now have shifted their aims from the short- to the medium-term and their concentration from economic efficiency to cultural and political liberalization. They have launched an intensive

crusade to sell the reforms to the Soviet public over the heads of entrenched bureaucratic opponents.

The long-term goal of the Soviet reformers remains unchanged: to strengthen the country's socialist economy and accelerate the evolution toward true communism, rather than toward a hybrid involving greater free enterprise.

"Because of Western-style market reforms in Hungary and flir-

Communism Can It Reform?

Fourth in a series of articles.

reform" of the Soviet economy outlined by Mr. Gorbachev to a scattering of economic experiments and stalled the Communist world's most intensive postwar attempt to catch up with Western standards in the home and workplace.

Thirteen months after the Kremlin leader unveiled a broad program of relaxed state controls and market incentives to the 27th Communist Party Congress, public participation in key new agricultural reforms have covered only 10 percent of the potential, and industrial reforms have made even less of an

Paraguay Siege Decree Ends

Reuters

ASUNCION, Paraguay — General Alfredo Stroessner, the president of Paraguay, lifted a state of siege on Wednesday that had been in effect for 40 years. He said he no longer needed extraordinary security powers to maintain peace, ruling party politicians said.

The special powers expired at midnight Wednesday when the army general's government did not renew a state of siege decree as it had done every three months since taking power in a 1954 military coup.

The state of siege was imposed in 1947 during a civil war. Since General Stroessner took power it has been lifted temporarily seven times, for 24 hours

each time, to allow national elections.

Miguel Sagnier, a leading opposition politician, said the measure did not mean General Stroessner was making democratic reforms. "With or without the state of siege," he said, "Stroessner will continue to govern as an authoritarian."

The Paraguayan Constitution treats a state of siege as a temporary measure. It authorizes the president to order the detention of any individual without trial for an unlimited period of time, prohibits strikes and limits freedom of expression.

The National Accord, a grouping of opposition parties, has been demanding the lifting



Alfredo Stroessner

of the state of siege as a condition for its participation in elections scheduled for February 1988.

Soviet Now Believed Ahead in Espionage

By Stephen Engelberg New York Times Service

WASHINGTON — While spy versus spy is an accepted part of the relationship between the United States and the Soviet Union, U.S. officials believe a combination of Soviet persistence and American complacency has given Moscow a distinct advantage in the game in recent years.

Indeed, many officials say that the most disturbing aspect about the spate of recent U.S. lapses at the embassy in Moscow and in the United States is the far-reaching, systemic weaknesses they reveal in security procedures.

U.S. intelligence agencies were too complacent, they say, both about Soviet abilities in technical intelligence gathering and about the need for rigorous personnel security procedures.

A wide variety of explanations for this complacency have been advanced, including an unwarranted contempt for Soviet technical abilities, the generally more relaxed atmosphere in international relations that followed the period of détente in the early 1970s, and a reluctance to intrude on the civil liberties of government employees in reaction to past abuses.

Some dubbed 1985 "the year of the spy" and expected the lessons of the highly publicized cases of that year — including that of Edward Lee Howard, a former Central Intelligence Agency analyst who fled the country after being identified as a spy by a Soviet defector — to be acted upon.

Now, 1987 has brought charges that some of the Marine guards who were supposed to keep Soviet spies out of the Moscow embassy instead let themselves be seduced into allowing Soviet agents into its most secret rooms.

Failure to fully appreciate or react to Soviet technical abilities has been consistent in the last decade. In the early 1970s, for example, at a time when the United States was making major strides in technological surveillance, many intelligence officials incorrectly assumed the Soviet Union was unable to produce advanced eavesdropping devices.

That myth was shattered when officials discovered a decade later, after the Soviet Union was allowed to do much of the construction

work on a new U.S. Embassy building in Moscow at a closed site, that Soviet agents had planted electronic surveillance equipment in the steel frames of the building. At a news conference Tuesday.

NEWS ANALYSIS

President Ronald Reagan said the building would not be occupied until he is assured that it is safe and secure.

Senior U.S. officials seemed, in the mid-1970s, to hold a view of Soviet espionage that was frozen in a period 20 years before, when Soviet agents wore ill-fitting clothes and spoke English poorly. There also appeared to be an See SPV, Page 2

Kohl Wants Short-Range New Missiles

By James M. Markham New York Times Service

BONN — Chancellor Helmut Kohl favors the deployment of a new American shorter-range missile in West Germany and the modernization of a second system to match the Warsaw Pact in the event of an agreement abolishing medium-range missiles from Europe, according to West German officials.

While they publicly welcome an eventual Soviet-American accord on medium-range missiles, Mr. Kohl and his advisers fear the Soviet Union would also like to eliminate the shorter-range systems, with a range of 300 to 600 miles (about 485 to 975 kilometers), leaving West Germany exposed to the battlefield missiles of the Warsaw Pact forces.

The public position of the West German government is that the shorter-range missile systems should be reduced to "equal ceilings at a low level."

The United States has given a mixed reception to Soviet hints regarding the possible elimination of the shorter-range systems. Mr. Kohl and his advisers have See ARMS, Page 2

3d Marine Is Held in Spy Probe

Inquiry Widens To Leningrad, Rome Missions

By Molly Moore Washington Post Service

WASHINGTON — A third former U.S. Marine guard has been arrested on suspicion of spying for the Soviet Union, and the investigation of security breaches abroad has been widened to include U.S. missions in Leningrad and Rome, the Defense Department announced Wednesday.

Sergeant John J. Weirick, 26, of Eureka, California, was arrested Tuesday on suspicion of espionage and related charges. The charges were filed in connection with his alleged sexual involvement with a Soviet woman during his assignment to the U.S. consulate in Leningrad from November 1981 to December 1982, according to Robert Sims, a Pentagon spokesman. Mr. Sims said that Sergeant

Moscow denies U.S. charges of involvement in the embassy security breaches. Page 3.

Weirick was arrested Tuesday and is in military custody at Camp Pendleton, California. He has not been formally charged with a crime.

The spokesman said the situation involving Sergeant Weirick is similar to the cases against Sergeant Clayton J. Lonetree and Corporal Arnold Bracy, two Marine guards formerly assigned to the Moscow embassy. The two have been charged with espionage for allegedly providing access to the embassy to Soviet intelligence agencies in return for sexual favors from Soviet women.

As a result of Sergeant Weirick's apprehension, the investigation has widened to include the Leningrad consulate and the U.S. Embassy in Rome, where Sergeant Weirick served after leaving the Soviet Union, officials said.

Mr. Sims said U.S. officials were considering recalling the five Marine guards now assigned to the Leningrad consulate. Officials already have ordered the 28 Marine guards at the Moscow embassy to return to the United States.

Although Sergeant Weirick served as a guard at the Moscow embassy, Mr. Sims said he apparently is not involved in the cases involving Sergeant Lonetree and Corporal Bracy.

The spokesman said the three cases share a "similarity of method," and said that Sergeant Weirick had been arrested as a result of the continuing investigation.

Sergeant Weirick began active duty with the Marine Corps in 1978. He was assigned to the guard force at the Moscow embassy on Oct. 22, 1981, but less than a month later was transferred to the consulate in Leningrad.

After serving in Leningrad, Sergeant Weirick was transferred to the embassy in Rome, where he served as a guard until March 4, 1983. He was working as a helicopter mechanic at the Marine Air Station at Tustin, California, when he was arrested.

Defense Department officials also announced Wednesday that they have charged a fourth Marine guard, Staff Sergeant Robert S. Stufflebeam, with three violations involving failure to report contact with foreign nationals while he was serving at the Moscow embassy in 1984.



CLASH AT FUNERAL IN BELFAST — A policeman raises his baton during a scuffle Wednesday with mourners at the funeral in Belfast of Laurence Marley, an Irish Republican Army member killed last week by Loyalist gunmen. Because of previous clashes, the funeral was postponed twice by the family, provoking rioting Tuesday night.

Secret's Out: Van Gogh Goes to Japanese Firm

By Souren Melikian International Herald Tribune

LONDON — The big question left after the record-setting Van Gogh sale last week was answered Wednesday. Christie's auction house revealed that the Yasuda Fire and Marine Insurance Co., the second-largest insurance company in Japan, was the mystery buyer of Van Gogh's "Sunflowers."

The painting sold for £24.75 million (\$39.9 million) is to go on exhibition when it arrives in Japan.

One powerful European collector, the Greek shipping magnate Stavros Niarchos, is known to have been in the running — and indeed art market professionals had earlier believed he was the buyer.

The clash of two strong art market powers resulted in the unprecedented price, which tripled the previous world record for any work of art — £8.1 million paid in 1985 by the J. Paul Getty Museum for the "Adoration of the Magi" by Andrea Mantegna.

While Yasuda, which was founded at about the time the picture was being painted, bought it partly to celebrate its forthcoming centenary, the Japanese also had a motive for wanting it as a nation: Of the five large-size "Sunflowers" on record, the only one in Japan was destroyed during a bombing in World War II.

Yasuda has been sponsoring art exhibitions and Japanese artists for some time. In 1976, it opened the Yasuda Kasai Museum, which houses about 450 works of art by Japanese and French artists. It appears to have recently embarked on a more ambitious program of important paintings by Western artists. On Dec. 1, it acquired two Renoir paintings, a "Baigneuse" for £1.04 million and "Jeune Fille au Chapeau" for £550,000.

The professional sources who said they believed Mr. Niarchos was the buyer cited several factors: He is one of the few men with the financial power and the motive for going after a Van Gogh of the magnitude of "Sunflowers." It would have revealed his already highly important Van Gogh holdings.

And Mr. Niarchos also is noted for his determination as a collector and his shrewdness as an investor.



WORLD BRIEFS

Syrian Officers Enter Second Beirut Camp In Bid to End Fighting

BEIRUT — Palestinian guerrillas embraced Syrian officers who entered the Burj al-Brajneh refugee settlement on Wednesday to prepare for a troop deployment to end the fighting in refugee camps here. The Syrians, led by Colonel Abdel Salam Daghustani, earlier supervised the evacuation of 23 wounded Palestinians from the Chatila camp, where Syrian troops were deployed Tuesday. A Reuters correspondent who walked into Burj al-Brajneh with 25 Syrian military observers said that most of the settlement's 12,000 refugees looked pale and haggard as they emerged from darkened shelters and shell-pocked houses. Bearded fighters, their faces strained by exhaustion, hugged the Syrians, who agreed with guerrilla leaders on eight positions to be occupied by Syrian troops. The Beirut camps have been besieged since Oct. 29 by the Shiite Muslim Amal militia. At the Chatila camp, meanwhile, Syrian officers supervised the evacuation of the 23 wounded Palestinians on Wednesday. Witnesses said bulldozers shoveled aside a huge pile of rubble at Chatila's eastern entrance to let a convoy of nine Red Cross ambulances and three cars into the ruined camp. Red Cross sources said they were awaiting final word from the Syrians before moving in. Chris Giannou, a Greek-Canadian surgeon working in Chatila, said that 23 persons were hospitalized, 110 persons had been killed and 600 wounded out of a population of 3,200 during the five-month blockade. Hundreds of women and children left the camp to buy food, some making the trip through muddy and debris-strewn alleyways more than once. A Lebanese Army officer watching them said that only Chatila's inhabitants were allowed to leave or re-enter the camp.



Pope Condemns Pending Divorce Legislation in Argentina

Security men holding back crowds as Pope John Paul II leaves Córdoba Cathedral Wednesday. In an address, he warned that pending legislation to legalize divorce in Argentina would undermine society. "The spread of divorce in society is accompanied with a reduction in public morality in all sectors," he said. He is ending a tour that included Chile and Uruguay.

Craxi Expected to Resign as Italian Coalition Falls

By John Tagliabue New York Times Service ROME — Italy's five-party government coalition collapsed Wednesday, and the caretaker prime minister, Bettino Craxi, is expected to resign on Thursday. Officials in the office of President Francesco Cossiga said the president would likely install an interim government to administer affairs until new elections can be held, most likely in June. The development occurred at an awkward time, since Italy is to host the Venice meeting of industrialized nations in early June. Just before that gathering, President Ronald Reagan is scheduled to make a state visit to Italy. An official with access to Mr. Cossiga said there was no doubt the meeting would go ahead on schedule. However, he said, Mr. Reagan's visit "would probably be put in a different angle" if it occurred in the midst of a national election campaign, even though Mr. Cossiga, and not the head of government, is the host. At a cabinet meeting Wednesday, the Christian Democratic Party withdrew its ministers from the government to protest the insistence of the Socialists that referendums be held in June on nuclear energy and legal reform. Mr. Craxi's Socialists support the referendums, but the Christian Democrats want them by-passed in favor of new laws to resolve the issues. Ciriaco De Mita, the Christian Democratic leader, said: "What we cannot accept is that the Socialist Party consider using a referendum majority as a screwdriver to unbalance the present political equilibrium." Mr. De Mita's concern is that, since a majority of Italians appear to favor judicial reform and oppose nuclear power, the Socialists would paint the referendums as an endorsement of their policies generally. Mr. Craxi tendered his resignation March 3 under a plan that foresaw the appointment of a Christian Democrat as prime minister until the next scheduled national elections in 1988. In addition to the Christian Democrats, Italy's largest party, and the Socialists, the cabinet consists of the small Republican, Liberal and Social Democratic parties. But the crisis that has blocked the formation of a new cabinet has been largely about a struggle for power between the Christian Democrats, who control more than 60 percent of the coalition's parliamentary seats, and Mr. Craxi's smaller Socialists. Mr. Craxi, appearing relaxed, opened a debate on the government crisis in the Senate on Wednesday that was expected to continue Thursday. Thereafter, the prime minister was expected to go to the presidential palace to resign. It was thought that Mr. Cossiga would appoint a relatively neutral figure, possibly Amintore Fanfani, a Christian Democrat who is president of the Senate, to guide the country until elections.

Iran Reports 4,000 Iraqi Casualties

MANAMA, Bahrain (Reuters) — Iran said Wednesday that its troops killed or wounded more than 4,000 Iraqis during two days of heavy fighting near Iraq's major southern port of Basra. Baghdad said its forces repulsed all Iranian attacks. Tehran radio reported more than 1,500 Iraqi casualties Wednesday as Iranian troops continued their Karbala-8 operation launched early Tuesday. Iran said more than 2,600 Iraqis were killed or wounded Tuesday. The Iranian news agency IRNA said that Iranian forces were stabilizing new positions after their assault on the Iraqi lines defending Basra, Iraq's second-largest city.

Gorbachev Due in Prague on Thursday

PRAGUE (UPI) — The Soviet leader, Mikhail S. Gorbachev, will begin his delayed visit to Czechoslovakia on Thursday, Soviet and Czechoslovak officials said Wednesday. Mr. Gorbachev had been scheduled to arrive Monday, but officials said he postponed the visit because of a "slight cold." However, there was speculation the Soviet leader was unhappy with the agenda prepared for his three-day visit. The itinerary mostly included meetings with Communist Party leaders and offered few opportunities for public "walkabouts" that have become his trademark. The visit is viewed as important to East-West and Warsaw Pact ties and there has been speculation that he will use Prague as a backdrop for an announcement on short-range missiles or the withdrawal of some Soviet troops from Czechoslovakia.

Washington Is Re-elected in Chicago

CHICAGO (UPI) — Mayor Harold Washington has become the city's first mayor to be re-elected since Richard J. Daley, who was mayor from 1955 until his death in 1976. Mr. Washington, a Democrat who shocked Chicago's Democratic Party machine when he became the city's first black mayor four years ago, defeated two opponents Tuesday. With 57.59 percent of the vote counted, Mr. Washington, challenged by Edward Vrdolyak, the chairman of the Cook County Democratic Party who ran as a third-party candidate, and Don Haider, a Republican, received 53 percent of the 1.1 million votes cast. Mr. Vrdolyak received 41.92 percent and Mr. Haider received 4.26 percent.



William H. Webster being sworn in before testifying.

Webster Tells of Early Memo on North

WASHINGTON (UPI) — The director of the Federal Bureau of Investigation, William H. Webster, said at a Senate confirmation hearing Wednesday that he received a memo raising the possibility of illegal activities by Lieutenant Colonel Oliver L. North nearly a month before the Iran-contra affair was revealed by Attorney General Edwin Meese 3d. Mr. Webster, who has been nominated to head the Central Intelligence Agency, said the Oct. 30 memo addressed the arms sales to Iran and questioned possible illegalities by Colonel North. He said that despite the memo he had agreed with Mr. Meese before the attorney general revealed the affair on Nov. 25 that no criminal violations had occurred. However, Mr. Webster said, he had some reservations about the activities of the National Security Council. He did not reveal who in the Justice Department wrote the memo but he said it dealt strictly with the arms sales to Iran. Senators were questioning Mr. Webster's role in the initial stages of the investigation.

For the Record

The Philippine cabinet committed to life imprisonment Wednesday the sentences of all 528 prisoners on death row. At least 378 had been sentenced by military tribunals during the 20-year rule of President Ferdinand E. Marcos. Michael Pike has been named British ambassador to Singapore, the Foreign Office said Wednesday. Mr. Pike is deputy head of the British delegation to NATO in Brussels and is also a former ambassador to Vietnam. He replaces Sir Hamilton Whyte. A jury selected for the trial of Bernard H. Goetz on charges of attempted murder includes six members who said they have been victims of crimes. Mr. Goetz has acknowledged shooting four youths who he said were trying to rob him on the New York subway. A Democratic fund-raiser, Nancy Pelosi, eliminated the San Francisco city supervisor, Harry Britt, a homosexual rights activist, in Tuesday's initial election for the congressional seat of Representative Sala Burton, who died. She is expected to win a runoff election June 2 against candidates from other parties.

Correction

An article from The New York Times published April 3 incorrectly translated the French title of Bernard-Henri Lévy's book "Éloge des intellectuels." The correct translation is "In Praise of Intellectuals."

CONTRA: More Millions Missing

(Continued from Page 1) One contra official said \$1 million in payoffs had gone to a top Honduran military officer. Several countries, including Taiwan, South Korea, Brunei and Saudi Arabia, are said to have donated at least \$42 million and may be as much as \$62 million on behalf of the contra, but only \$32 million can be traced as ever having arrived in their bank accounts. The contra was financed from mid-1984 until mid-1985 by Saudi Arabia. No one has yet said why the Saudi money stopped at that point. Shortly after it did, the Colonel North called Project Democracy, with assets and expenses totaling many millions of dollars, to be transferred to the Tower commission. The panel, led by former Senator John G. Tower of Texas, investigated the Iran-contra affair at the request of President Ronald Reagan.

Fear of Islamic Activism Spurs Tunisian Crackdown

By Patrick Tyler Washington Post Service TUNIS — At the main campus of the University of Tunis this week vanloads of soldiers and dozens of plainclothes policemen were posted just outside the gates as a military helicopter circled overhead. For the first time since a series of violent clashes between Islamic fundamentalists and leftists last month, 40,000 students returned to class, this time uneventfully. During the two-week spring school break that just ended, dozens of suspected Islamic radicals, students and party leaders were arrested, according to human rights organizations. The arrests came after six of eight suspected Iranian-backed terrorists detained in Paris two weeks ago were found to carry Tunisian passports. Following the arrests, the Tunisian government accused Iran of trying to instigate an armed Islamic revolution aimed at overthrowing President Habib Bourguiba and broke diplomatic relations with Iran. It also expelled the six Iranian diplomats who had manned the skeletal Iranian mission here since 1983. Government security officials warned that investigations were continuing into possible links between alleged Iranian-inspired terrorist groups and the growing Islamic fundamentalist movement among Tunisia's university and unemployed population. Tunisia, one of the most developed and solidly middle class countries on the African littoral, is in the midst of a

burgeoning security crackdown of its political opposition, the Islamic fundamentalist movement. Like a number of countries in the region, Tunisia has opted for retrenchment instead of letting the opposition take its course, although some political observers believe the Islamic activists could muster a 10 percent showing in an open election. Tunisia, however, is not willing to take any risks, especially, the observers say, with a high unemployment rate and several years of austerity budgets and reductions in the standard of living ahead. After two decades of prosperity paid for by a healthy tourist economy, strong oil prices, agricultural output and well-paid employment for its workers abroad, this country of 7.5 million has suffered a number of setbacks. The price of oil has gone down, the rains disappeared for several years, government drained the foreign labor markets and tourism collapsed due to concerns about Middle East terrorism. The signs of the crackdown are visible in virtually every part of the capital. For the past week, policemen have stepped up street patrols and vans of police reinforcements are stationed around the city. Tunisia also has the additional responsibility of protecting the Palestine Liberation Organization and the Arab League, both of whose headquarters are here. Arab state foreign ministers were in town last week. Western officials say there is no substantive evidence linking the arrests in Paris to Islamic groups or political

Greece Says Aegean Clash Was Near

ATHENS — Prime Minister Andreas Papandreu said Wednesday that Greece and Turkey came close to conflict last month during a dispute over oil rights in the Aegean Sea. "We almost clashed," Mr. Papandreu said at a meeting of his Panhellenic Socialist Movement's parliamentary group. Mr. Papandreu later met the Turkish ambassador to Greece, Nazmi Akiman. In the meeting, the prime minister responded to a message on the Aegean question from the Turkish prime minister, Turgut Ozal, which the ambassador brought from Ankara last week. Mr. Akiman did not disclose what Mr. Papandreu told him. Mr. Papandreu told the Socialist legislators that Greece had had two options during the crisis. First, he said, Greece could have appealed to the North Atlantic Treaty Organization and the United Nations, both of which would have recommended a dialogue with Turkey. "The second option, which was the only answer we could give, was that we would have prevented the Turkish survey vessel Sisimik I carrying out research in the Greek continental shelf," he said. A clash was averted when, on March 29, the Turkish research ship did not enter disputed waters as it had planned to do.

SPY: Moscow May Have Advantage in Espionage Game

(Continued from Page 1) assumption that no American working with highly sensitive data was likely to be susceptible to recruitment by a Communist country. The various American security agencies took comparatively few precautions with millions of government employees who handled classified information. In the last two years, however, Americans have been arrested on espionage charges on the average of once a month, many of them government employees. All of this is not to suggest that the West has not scored similar successes. On rare occasions, the United States has recruited agents in the Soviet Union who had access to secret technical information. Although it has not made much progress in cracking Soviet coding systems, the National Security Agency has eavesdropped on senior Soviet officials speaking on their car telephones. It also ran an operation that harvested reams of Soviet military communications from undersea cables. In addition, Soviet agents have been trapped several times in "sting" operations in which the American they were recruiting actually worked for the Federal Bureau of Investigation. But U.S. officials generally failed to realize the Soviet Union was improving its intelligence capabilities in the early 1970s. U.S.-Soviet relations in that period were improving, and those who raised security concerns were seen, sometimes justifiably, as using them to undermine the policy of détente. The Nixon administration agreed in 1972 to allow the Soviet Union to occupy one of the highest points in Washington — an ideal site for conducting electronic interception — for its new embassy. And it allowed the new U.S. Embassy building in Moscow to be built by Soviet workers without thorough U.S. inspection. The lack of vigilance in the technical arena was more than matched by failings in personnel security. Some of this, officials say, was a reaction to an earlier period when counterintelligence departments of the FBI and the CIA were perceived to be running amok. Both agencies were implicated during the congressional investigations of the 1970s in large-scale efforts to spy against Americans. Further, the CIA's counterintelligence operations were run by James J. Angleton, an official who was so obsessed with ferreting out Soviet agents that his activities, some contended, ended up harming the very agency he was trying to protect. In the lore of the CIA, Mr. Angleton's ideas about counterintelligence, and his high regard for the Soviet ability to penetrate any level of government, are these days dismissed as "stick-thick." All of these factors created institutional biases against those who favored better security.

ARMS: Bonn's View

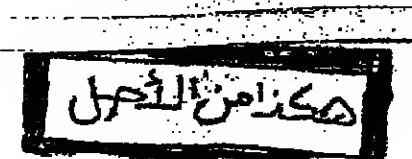
(Continued from Page 1) distilled their thinking in a letter reportedly sent Tuesday to President Ronald Reagan. The advisers say they hope that the letter will be taken into consideration by Secretary of State George P. Shultz when he is in Moscow next week. The gap between private considerations and the public presentation of the West German position, at a time when important state elections are near, has forced the government to adopt reassuring-sounding formulations while saying nothing that might upset a warming dialogue with the Soviet Union and with East Germany. Mr. Kohl and Foreign Minister Hans-Dietrich Genscher have embraced the elimination of medium-range missiles from Europe. In a recent radio interview, Mr. Genscher said the 108 Pershing-2 missiles in West Germany would have to be withdrawn. When asked about the possibility of converting them to shorter-range missiles, Mr. Genscher said "the question has not been raised within the alliance." The government has tried to keep the details of its position on shorter-range systems from the West German public. At a news conference this week, Friedrich Ost, the chancellor's spokesman, confined himself to repeating the "equal ceilings at a low level" formula, and he dismissed questions about matching the Soviet short-range superiority as "theoretical." In a first draft of the letter to Mr. Reagan, according to officials, Mr. Kohl did not directly address the issue of conversion, which has been proposed in the Pentagon. But the letter acknowledged the possible need for two other steps to match Soviet superiority in shorter-range systems. One is the deployment of a new American short-range missile, such as the Army Tactical Missile System, which was originally designed for conventional use but could be fitted with a nuclear warhead. This system has a range of 200 miles. The Pentagon says this system could be used to replace 55 old Lance missiles in West Germany and elsewhere in Western Europe. They have a range of 70 miles. The second option is the eventual replacement of 72 Pershing-1A missiles with Pershing-1Bs. The 1As, with a range of 450 miles, are operated by the West German air force, although the nuclear warheads are under American control. The 1B would be a Pershing-2 with one stage removed. The Pershing-2 has a range of 1,100 miles, extending into the Soviet Union, while the Pershing-1B would have a range of less than 600 miles, according to military experts. The government has tried to keep the details of its position on shorter-range systems from the West German public. Last week, Lothar Ruhl, a top Defense Ministry official, caused a stir by telling a Stuttgart newspaper that the North Atlantic Treaty Organization should have the right to "build up" to an equal ceiling in an agreement on shorter-range systems. The implication was that new deployments would be necessary in West Germany. Mr. Kohl, though in agreement with the thrust of the comment, was outraged that Mr. Ruhl had made these views public.

HONG KONG: Trust in British Declines

(Continued from Page 1) Fearing another public outcry, a censorship bill was introduced and is expected to be enacted in several weeks' time. Attention is now focused on the publication next month of a "green paper" that is to address the crucial issue of whether the territory should open up some legislative seats to direct election next year. The government recently set up an office through which public views of the proposals are to be gathered and presented to the Executive Council, a kind of cabinet appointed by the colonial governor. Reflecting the deepening sense of public unease, legislators called this week for the office's findings to be made public. The Ming Pao daily news, a pro-Beijing newspaper published here, reported several days ago that Chi-na recently threatened to respond strongly if Britain concludes that direct elections are desirable. Some opinion polls have indicated that as many as 82 percent of voters support a directly elected legislature. "If public opinion is snubbed again, the government will not be able to salvage its credibility," said Martin Lee, a member of the Legislative Council. Singapore Refuses Journalist Agency France-Press HONG KONG — Singapore has refused to renew the work permit of Nigel Holloway, the Far Eastern Economic Review's Singapore bureau chief, in what amounts to an expulsion move, Derek Davies, the magazine's editor, said here Wednesday.

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# Soviet Says U.S. Charge Over Embassy Security Is 'All a Fabrication'

By Gary Lee  
Washington Post Service  
MOSCOW — A senior Kremlin official on Wednesday denied U.S. charges of Soviet involvement in security breaches at its embassy here and accused Washington of trying to "poison the atmosphere" before the arrival of Secretary of State George P. Shultz for talks on arms control.

Amid mounting U.S. charges of bugging, sexual entanglement and espionage in U.S. facilities abroad, the official said that on Thursday the Soviet Union would present evidence of surveillance of its operations in the United States.

On Tuesday, President Ronald Reagan in Washington and a congressional investigation team in Moscow expressed deep concern about the breach of security in the newly built U.S. Embassy in Moscow, saying that it may have to be demolished.

Mr. Reagan also said that embassy security will be a major item on the agenda in Mr. Shultz's talks at the Kremlin, which are due to begin Monday.

Appearing at a news conference in Moscow on Wednesday, Deputy Foreign Minister Vladimir Petrovsky said, "Everything put forward by the American side has no grounds. It is all a fabrication. It is not serious."

Emphasizing the Soviet view that Washington is overblowing recent espionage cases involving U.S. marines and the surveillance of old and new embassies here, Mr. Petrovsky said, "So we are working up a psychosis in a bid to poison the atmosphere in which Soviet-American talks are to be held."

Soviet officials view the talks between Mr. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze, as a forum for narrowing the differences over a proposed accord on medium-range missiles and expressed surprise that embassy security has now become a major agenda item.

"We are preparing with great responsibility for the visit of Mr. Shultz," Mr. Petrovsky said. "We attach great significance to arms control, and we hope that this time the Americans will not come to Moscow empty-handed."

He added, "It is important that the atmosphere not be ruined by a propaganda campaign."

The planned presentation of U.S. spying on Soviet facilities in the United States will consist of proof of surveillance devices found in the Soviet Embassy in Washington, according to Valentin Falin, the director of the official Novosti information service.

"If we had the chance to use these kinds of technical means against the U.S.," Mr. Falin said in an interview, "we probably would know more than we know."

Two U.S. legislators, Representative Daniel A. Mica, Democrat of Florida, and Olympia J. Snowe, Republican of Maine, said at a press conference in Moscow on Tuesday that security breaches caused by the alleged espionage cases involving U.S. marines have left space in the embassy for a secure conversation involving no more than 12 persons.

They said that making the embassy office building fully secure would take from five to 10 years and that they may eventually recommend that the facility be demolished.

Mr. Shultz may have to bring a Winnebago van and shuttle to his plane at the airport to find space for secure conversations with his staff, Miss Snowe said.

On Tuesday, the U.S. ambassador, Jack F. Matlock, made an official protest over the Soviet involvement in the embassy security crisis.

Three U.S. marines who worked as guards in the embassy here are facing espionage charges after they allegedly had sexual affairs with Soviet workers in the embassy and let Soviet operatives into sensitive areas.

Asked about U.S. charges of embassy bugging, Mr. Falin said Wednesday, "I cannot confirm or deny anything."



FULL HONORS — Mary Ashbury, the mother of Staff Sergeant Gregory A. Fronius, held an American flag at the funeral of her son on Tuesday in Pennsylvania. Sergeant Fronius, 27, was killed last week in a guerrilla raid on a Salvadoran Army garrison. He was the first U.S. military adviser to be killed in combat in El Salvador.

# U.S. House Panel Reaches an Accord On Funding for Seawolf Submarine

By George C. Wilson  
Washington Post Service

WASHINGTON — The House Armed Services Committee has reached a compromise in which the navy's new Seawolf attack submarine would be funded fully while the Defense Department studied ways to improve the present generation of attack boats.

Lawmakers who attended the markup of the fiscal 1988 defense authorization bill on Tuesday said that President Ronald Reagan also gained partial victories on his Strategic Defense Initiative anti-missile program and the version of the MX missile that would be placed aboard trains.

The panel's research subcommittee voted last Thursday to withhold research funds for the \$1 billion Seawolf on the ground that it does not offer enough advantages over Soviet boats expected to be in the water in 1995.

The subcommittee argued that the navy should be forced to take a \$50 million new look at ways to improve the existing Los Angeles SSN-688 class of attack submarines.

In an earlier vote, the panel's Subcommittee on Research and Development had recommended reducing the president's request to \$3.3 billion.

Mr. Reagan is requesting \$591 million to make the MX intercontinental ballistic missile mobile by mounting it on railroad cars kept within military areas during peacetime and moved over tracks in civilian areas in times of tension or war.

Under Tuesday's compromise, approved on a voice vote, the Seawolf would be fully funded and the navy would spend \$15 million to pursue ways to improve the 688 class.

Mr. Reagan's two-year military budget requests \$470.8 million for the Seawolf for fiscal 1988 and \$1.676 billion for fiscal 1989.

On the SDI, sources said, there were attempts to slash the requested \$5.3 billion for fiscal 1988 to \$2.38 billion, and to authorize \$4 billion. By day's end, members said, a compromise figure of \$3.5 billion was approved.

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The research subcommittee had deleted funds for the rail-mobile MX, but the full committee on Tuesday met the president halfway by restoring the fund to \$250 million.

# Salvador Rebels Talk Politics

Guerrillas' Town Meeting Is Sign of Their Strength in North

By James LeMoynic  
New York Times Service

SANTA RITA, El Salvador — As thousands of government troops swept northern El Salvador over the weekend seeking leftist rebels who destroyed one of the army's most important bases last week, the guerrillas nonchalantly held a town meeting here, just four miles from the devastated fort.

Neither an army helicopter overhead nor the soldiers searching the surrounding hills seemed to concern the 15-man guerrilla patrol that slipped into Santa Rita, a village of 4,000 people, to shop and explain why rebels had destroyed the base and why they would keep fighting.

It was a telling demonstration of the guerrillas' political and military domination of this mountain zone in Chalatenango Province, one part of El Salvador where the U.S.-backed government is not winning the war.

The commander of the rebel unit removed his red bandanna and spent 20 minutes calmly telling the people gathered under shade trees in the village square why war was the only way to "win social justice" in El Salvador.

"The few have much and the many have nothing," said the commander, Juan Alberto. "We live in a country where there is injustice, repression. There is not work for the working class of this country."

The villagers listened quietly. They included Pedro Javier Ramirez. He said his brother was a soldier who had survived the rebel attack nearby. Several villagers said afterward that they did not support the army or the guerrillas, but that they believed much of what they were told Sunday morning "had reason."

"We are not with them but we think it is good to hear their opinion," Manuel Ayala, a tailor, said. "They are part of the people, too."

The rebel meeting was not unique. The guerrillas of the Farabundo Martí National Liberation Front are showing new attention to what they call "political work" with peasants and workers in outlying villages, in the once-quiet western half of the country and in San Salvador.

In the village of El Carrizal, 10 miles north of Santa Rita, the rebels recently fined a corrupt former mayor \$1,000 and donated the money for improvements at the village school. They ordered government teachers to get to work on time, admonishing them that educating the local children was an important task.

The rebels also executed two persons, a woman in San José de las Flores and a man, Alvaro Guevara, in El Ocoatl, charging them with spying for the army, according to local peasants and church officials.

In San Salvador, rebel sympathizers have sharply stepped up their activities at the national university and in the trade unions. They spray painted "Yankee Go Home" on the U.S. Embassy two weeks ago and threw stones at police units. On one recent day, rebel urban commandos ambushed a police patrol in the city center at mid-morning.

peasant families who had supported the rebels for more than a decade, a sign that the conflict in El Salvador is still mainly a civil war.

The patrol commander, Juan Alberto, said he had taken part in the devastating attack on the nearby El Paraiso army base on March 31 that killed or wounded almost 200 government troops and took the life of an American military adviser.

It was one of the worst defeats for the army in the war that began seven years ago.

"The millions of dollars of aid this government receives from the United States isn't to create democracy," the rebel leader said. "It's to continue the war, to buy planes, bombs and bullets to continue the suffering of this people."

It was a frank, if highly political, discussion of the basic needs and social issues affecting the majority of Salvadorans.

The rebel commander finished on a far harsher note, sharply warning the people not to organize a village civil defense unit as part of a new government counterinsurgency program.

# French Plan Calls for Upgrading Nuclear Force

Reuters

PARIS — Bucking the trend toward disarmament in Europe, France is set to approve plans for a major upgrading of its nuclear strike force under a five-year military spending program proposed Wednesday in the National Assembly.

The plan calls for spending of 474 billion francs (\$79 billion) on the purchase of weapons up to 1991.

The program is certain to be approved at the end of the two-day parliamentary debate because only the Communist Party opposes it, denouncing it as a "warmonger's charter."

Under the plan, France will spend 32 percent of the total, or 151.8 billion francs, to modernize its independent nuclear force. Government officials say the program reaffirms France's belief in its force as a nuclear deterrent.

A central theme of the plan calls for upgrading nuclear warheads and delivery systems with a view toward future anti-missile defenses. Under the proposal, France's first military observation satellite in space would also be launched.

Other major proposals include designing a new generation of nuclear missile submarine and upgrading two existing vessels to carry the new six-warhead M-4 missile.

The program also plans development after the year 2000 of a new submarine-launched missile, the M-5, as well as of a ground-launched rocket, the S-4.

A new tactical missile, baptized Hades, also is under development and will be used to carry the neutron bomb if France decides to manufacture the weapon.

The military spending program also refers to the possibility that France may acquire chemical weapons. The use of such weapons is banned by international treaty but not their production nor stockpiling.

Referring to Soviet stocks of chemical weapons, the plan said France "will have to dispose of an appropriate deterrent capability."

Francis Filon, defense expert for the Rally for the Republic party of the conservative prime minister, Jacques Chirac, expressed concern over the prospect of Washington and Moscow agreeing to eliminate their medium-range nuclear missiles in Europe.

"If nuclear arms are removed from Europe," he wrote in a report, "France and Britain would stand guard alone and would be the target of pacifist movements manipulated in the past by the Soviet Union."

He said that France needed to begin upgrading its nuclear force "as soon as possible in case international public opinion" tried "to make us abandon it."

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# Bad Repairs Cited in Japan Air Crash

Reuters

TOKYO — Faulty repairs and inadequate inspection caused the 1985 crash of a Japan Air Lines Boeing 747 that killed 520 people, according to a Japanese government draft report obtained Wednesday.

The final draft of the Transport Ministry report said faulty repair work by the Boeing company on a pressure bulkhead was a contributing cause of the accident, the worst single plane crash in history.

The airliner crashed into a mountain north of Tokyo on Aug. 12, 1985, after the bulkhead ruptured, setting off a series of fractures in main navigational systems. There were four survivors.

The report said that after a landing accident at Osaka airport in 1978, repairs to the plane's aft bulkhead were made by a Boeing team under JAL supervision.

Inspectors of Japan's Civil Aviation Bureau were unable to check Boeing's repair work because the part repaired had been covered by a seal, the report said. It said the inspectors approved the repairs without seeing the work.

The report said the captain and his crew could not possibly have handled the plane after the total loss of the navigational systems, the report said.

When the plane returned to service, cabin pressurization speeded up the process of metal fatigue in the repaired bulkhead, which reached a critical point on the day of the crash, the report said.

The report, which was sent on March 23 to the U.S. National Transportation Safety Board for comment, is expected to be released late next month. Under an international convention, the draft must be submitted for final comments to the pertinent authorities.

Boeing spokesmen were unavailable for comment. On April 4, a Boeing spokesman at the firm's headquarters in Seattle said the company would probably make no comment on the Japanese investigation team's report until it was officially released.

On Sept. 6, 1985, Boeing issued a statement saying the 1978 repairs it had undertaken were faulty. This statement did not, however, connect the faulty repairs with the cause of the crash.

They said shortages were developing because shopkeepers, anticipating that new price increases would be permitted, were withdrawing items from store shelves.

The government ordered price controls for thousands of items last month, attempting to cope with soaring inflation and labor unrest over a wage freeze.

The Belgrade daily Vecernje Novosti suggested that further price increases might be allowed soon, saying that prices of about 500 articles were expected to rise in the next two days.

The prices of numerous household durables, such as kitchen equipment, and of some groceries would be raised by as much as 108 percent, the newspaper said.

Prices of coal and electricity were increased 19.9 percent as of Wednesday, while about 100 products in supermarkets have been marked up by 30 percent in 50 percent, newspapers said.

The latest increases follow sharp price increases recently for gasoline, natural gas and bread.

Price inspectors reported that most stores had complied with the price controls, which restored prices for thousands of products to year-end levels. But thousands of prices were not reduced and others

may be raised with government approval by filing a 120-day advance notification.

The price control order was issued by the government on March 20 in response to a wave of strikes called to protest a wage freeze.

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
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**PUBLICATION JUDICIAIRE**  
**CONTREFAÇON DE LA MARQUE**  
  
**DE LA SOCIÉTÉ CHANEL**  
 Sur appel de la Société SILGUE, d'un jugement rendu par le Tribunal de Grande Instance de BOBIGNY, en date du 21 janvier 1983.  
 La Cour d'Appel de Paris, par un arrêt du 6 mars 1986: La déboute de son appel;  
 Confirme le jugement déféré sur l'atteinte à la marque en précisant que la Société SILGUE s'est rendue coupable d'actes de contrefaçon de la marque  n° 938 201 appartenant à la Société CHANEL.  
 Le confirme également sur l'interdiction faite sous astreinte à la Société SILGUE de faire usage de ladite marque et sur l'appel incident de la Société CHANEL.  
 Évalue à 1.500.000 F (CENT CINQUANTE MILLE FRANCS) le montant de l'indemnité que la Société SILGUE devra lui payer pour toutes clauses de préjudice et à 15.000 F (QUINZE MILLE FRANCS) celui de la somme allouée au titre de l'article 700 du Nouveau Code de Procédure Civile, au profit de la Société CHANEL et à titre de dommages-intérêts supplémentaires;  
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# Don't cut the cord.

It's a shame when distance cuts you off from the folks you were once close to. But it doesn't have to. A simple phone call to the folks you miss in the States helps keep you close. Surprisingly close, even though you're far apart.





Cautiously in Korea

South Korea is at once experiencing economic takeoff, wrenching political transition and continued military tension with North Korea.

United with 40,000 U.S. combat troops under a joint command, a legacy of the war. The threat from the North remains; its forces enjoy paper superiority in key military categories.

Can't Embassies Be Safe?

President Reagan has now raised the issue of security at the U.S. Embassy in Moscow from the bureaucratic to the political plane.

The small complement is not thought of as a defending force. The various ways in which young marines could be better trained and supervised, augmented or replaced need urgent review.

Other Comment

Terrorists Were Encouraged

Most of the damage to U.S. interests done by terrorism has been self-inflicted. We could have ignored terrorism entirely at first.

age of the Challenger. What is needed now is vision. What is called for is a plan for space as bold as John Kennedy's plan to put a man on the moon.

Onward and Outward in Space

Nearly 20 years have passed since Neil Armstrong set foot on the moon, culminating a decade of achievements in space.

Iran: A Most Dangerous Place for the Superpowers

By John K. Cooley

LONDON — In June 1979, about a week after Jimmy Carter and Leonid Brezhnev signed the SALT-2 arms control agreement, I lunched in Washington with a Middle East specialist from the Soviet Embassy.

republics that it tried to support in northern Iran. "We got burned then. If you fool around, you will, too. We both have to watch Iran very, very closely."

That lunch took place after the overthrow of the shah but some months before the American hostages were taken in Tehran, after which the Soviet Union invaded Afghanistan.

than the French or the British to be dragged into a multinational naval protection plan. Even before proclamation of President Carter's doctrine that an invisible chalk line drawn by the United States shields the Gulf's oil resources from the outreach of Soviet power in Afghanistan, the Soviets kept a minimum profile in the Gulf.

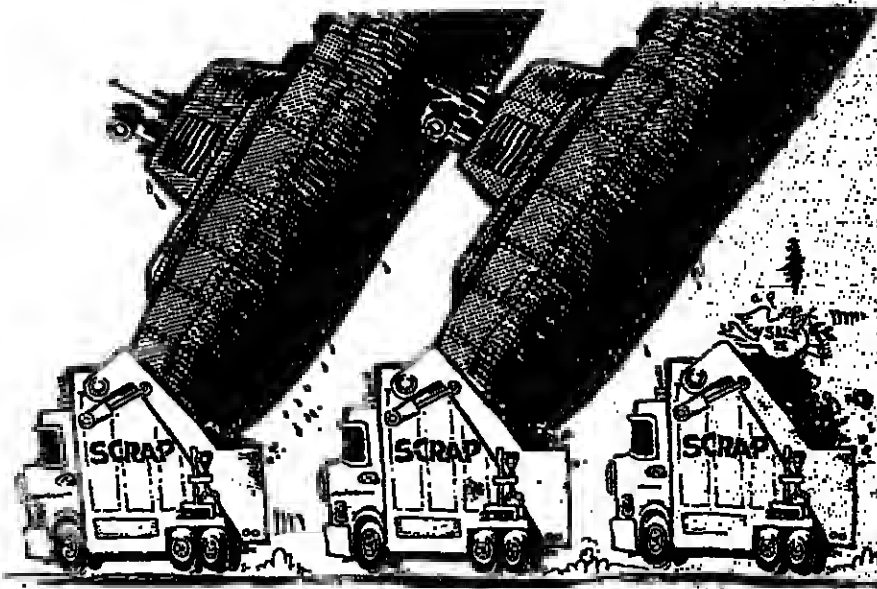
dent state clerics. But what worked for the Orthodox Church did not work as well for Islam, partly because the Soviet state inherited the imperialist legacy of the czars, whose Russian armies had conquered, one by one, the rulers and states of the Central Asian Muslims.

America, Too, Would Benefit From Limiting the Arms Race

By Anthony Lewis

BOSTON — It is often said, by President Reagan among others, that Mikhail Gorbachev needs an arms control agreement for economic reasons. If limits were put on the arms race, the Soviet Union could devote more resources and talent to solving the severe problems of its civilian economy.

Congress over the next five years. Scientists at universities across the country are working on lucrative SDI contracts instead of basic research or civilian technologies.



Think of the B-1 bomber, killed by President Carter but resurrected by President Reagan.

The air force is supposed to have 100 bombers by a year from now, but there are so many faults in the planes that some experts say they will not be fully operational until the year 1991.

ing, however extravagant, however inefficient. The lesson of all this is plain, American officials, in their obsession with the Soviet threat, do America severe economic damage.

Nicaragua: To Save the Contras, Reagan Must Broaden His Policy

By William S. Cohen, Nancy Landon Kassebaum and Warren B. Rudman

The writers are Republican senators from Maine, Kansas and New Hampshire, respectively.

WASHINGTON — The Nicaraguan contras have been placed on a life-support system that is likely to be withdrawn by October unless fundamental changes in policy occur.

reform, although efforts have been made, the disarray and fractiousness in the contra leadership leave grave doubts about the future.

implementation of such a program. The following elements are basic to the development of this policy:

ing this diplomatic stumbling block. Further support for contra reform and coordination. To strengthen claims to legitimacy and better position themselves to play a role in negotiations, the contras must demonstrate significant progress toward broadening their leadership base.

Trade: Who Disciplines the Players?

By Hobart Rowen

WASHINGTON — As financial leaders meet in Washington all this week in what amounts to a preview of the June economic summit in Venice, there is a mood of exasperation. Problems of trade, budget deficits and international debt are growing, but no major government is willing to discipline its economy in the interest of global stability.

sense of déjà vu. The problems have been rebuffed fruitlessly at countless Group of Five, IMF, World Bank and economic summit meetings.

compared to the more hopeful climate before the Tokyo summit last year. Since then the outlook has worsened, particularly in the trade area, with the U.S. deficit expanding rather than declining as had been expected with a sharp fall in the dollar.

1912: England Surprised 1937: Italy Withdraws PARIS — The last international Rugby football match of the season attracted a record crowd [on April 8] when England beat France by 18 points to 8.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1938-1987 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUEBNER, Publisher JOHN VINOCCO, Executive Editor • WALTER WELLS, Editor • SAMUEL ARI, KATHERINE KNORR and CHARLES MITCHELLMORE, Deputy Editors • CARL GEWIRTZ, Associate Editor • ROBERT J. DONAHUE, Editor of the Editorial Page RENÉ BONDY, Deputy Publisher • ALAIN LECOUR and RICHARD H. MORGAN, Associate Publishers • FRANÇOIS DESMAISONS, Circulation Director • ROLF D. KRANEPUHL, Advertising Sales Director International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 46 37 93 00. Telex: Advertising, 613395; Circulation, 612832; Editorial, 612718; Production, 630698. Directeur de la publication: Walter N. Thayer. Editor for Asia: Michael Richardson, 5 Cameron Rd., Singapore 0511. Tel: 472-7768. Telex: RS50928 Managing Dir. Asia: Makoto Goto, 50 Gloucester Road, Hong Kong. Tel: 5-8610616. Telex: 61170 Managing Dir. U.K.: Robin MacKichan, 63 Long Acre, London WC2. Tel: 836-4802. Telex: 262009 Gen. Mgr. W. Germany: W. Lauterbach, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 726753. Telex: 416721 Pres. U.S.: Michael Conroy, 850 Third Ave., New York, N.Y. 10022. Tel: (212) 752-3890. Telex: 427175 S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337 © 1987, International Herald Tribune. All rights reserved. ISSN: 0294-8052

مكتبة النحل



OPINION

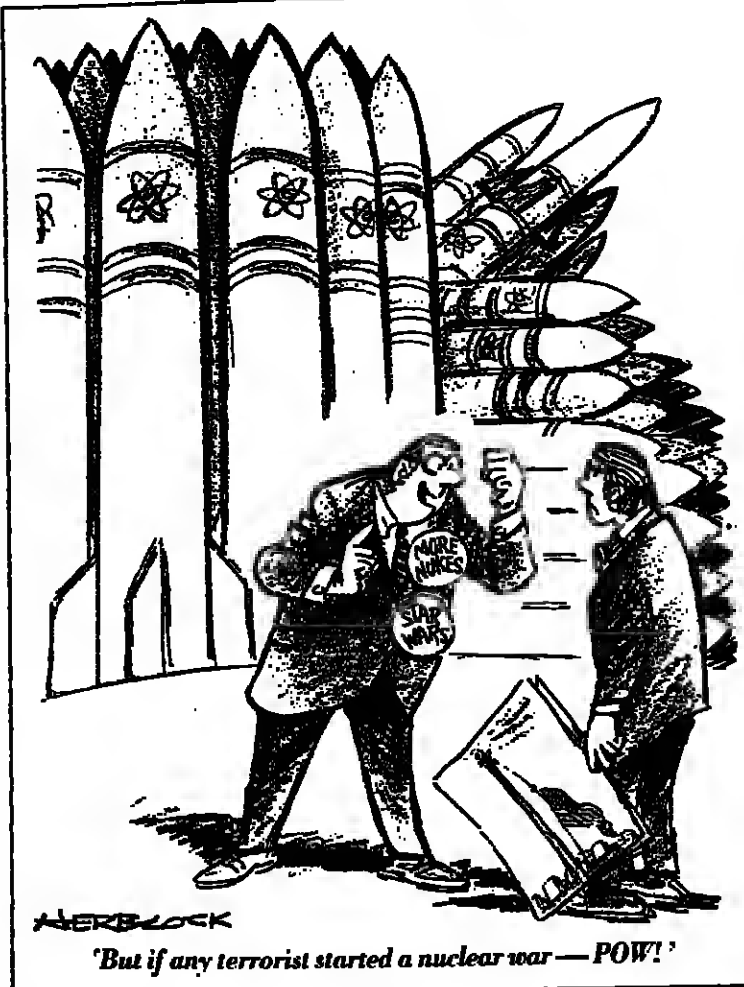
They Mix a Drink, Light Up And Fulminate About Coke

By Tom Wicker

NEW YORK — Not since Muhammad Ali lost his boxing title for refusing the draft during the Vietnam War has so much hypocrisy swamped the American press and the airwaves as in the sad case of Dwight Gooden, baseball's boy wonder, who recently tested positive for cocaine use.

It Would Be Banned

IMAGINE what would happen if some modero entrepreneur came up with a nifty idea for a new consumer product. It was an item that had no notable benefits, was addictive and would be implicated in the deaths of some 350,000 Americans a year.



'But if any terrorist started a nuclear war — POW!'

\$40 Million + You Name It = \$29.95

By William F. Buckley Jr.

NEW YORK — Concerning the sale of Van Gogh's "The Sunflowers" for \$40 million, a few observations. It is quite right that the Art World (as it designates itself in the headlines) is "shocked" by the transaction, but there is a dirty little secret here that is the source of some gratification.

MEANWHILE

marginal museum. The Albuquerque Museum of Modern Art might decide that the people of Albuquerque would be better off with \$40 million worth of other things than with one Van Gogh.

ity of the originals it is usually required that the reproduction be an inch longer or an inch shorter, for the record. We have had, Professor Banfield points out, lawsuits having to do with the question whether this canvas or that one is an original or a forgery.

LETTERS TO THE EDITOR

No, the INF Deal Would Be Good for the NATO Alliance

Regarding "Moscow's INF Proposal Would Be a Bad Deal for the NATO Alliance" (April 2) by John Deutch, Brent Scowcroft and R. James Woolsey: The writers' arguments seem shortsighted. They maintain that the United States should withdraw its proposal.

of public reassurance as to NATO's defensive character would be restored.

This would be the first nuclear disarmament treaty in Europe and would thereby reduce the military confrontation on a continent which is armed to the teeth. The zero proposal should therefore be maintained and supported.

him when he left Tunis. He told me that he really had wanted to be a doctor but that his family could not afford the long years of study during the Depression.

"And so I became an agricultural chemist," he said. To think how the world has benefited from this circumstance — and is continuing to benefit from it.

MPLA to negotiate an end to the struggle and rid Angola of foreign domination.

There's More to the Pope You misrepresent the beliefs of faithful Roman Catholics and show contempt for their pope by publishing Olyphant's Adam and Eve cartoon (March 30). This type of distortion promotes nothing but confusion and misunderstanding.



"Some guys have all the luck..."



# Botha Steps Up Criticism Of Natal Power Sharing

By William Claiborne  
Washington Post Service

**DURBAN, South Africa** — An innovative plan to share political power between Natal Province's black majority and its white minority is becoming mired in the national campaign for whites-only parliamentary elections next month, casting doubt on whether it will go to a formal referendum.

The proposed multiracial constitution, agreed on in November after eight months of negotiations, is becoming a campaign issue as President Pieter W. Botha's ruling National Party confronts a growing challenge from the political right.

Mr. Botha and several senior cabinet ministers who face electoral battles against conservative candidates or breakaway independents have stepped up their criticism of the Natal power-sharing plan. They warn that it offers inadequate guarantees to minorities because of its one-man, one-vote formula.

Although Mr. Botha has said that he does not oppose a debate by Natal's blacks and whites on provincial constitutional reform, he has been promoting the idea of a national forum at the central government level in recent campaign speeches.

The president appears to be returning to the idea of an advisory National Statutory Council that was backed last year by the National Party. The council, which would include blacks, would help the government plan a new constitution giving a narrow power to all races.

Beyond that, however, lies the government's fundamental philosophy about the basic rights of citizens.

South African leaders always have spoken in terms of "constitutional dispensation," a phrase meaning that constitutional rights are handed down, or dispensed, to the people by the central government as it sees fit.

The Natal constitutional convention in November, which was called an *indaba* after the Zulu word for a council on a serious matter, brought together representatives of 36 moderate groups in an effort to resolve the country's political and social crisis.

Natal, the smallest of South Africa's four provinces, accounts for less than one-sixth of the country's population. The conferees proposed a merger of white-led Natal and black-led KwaZulu (Zululand), which is the government-designated tribal "homeland" situated within Natal's borders.

The province would have a two-chamber legislature with one house

chosen on the basis of one-man, one-vote. This would inevitably result in the election of a black prime minister.

The other chamber would guarantee an equal number of seats to blacks, Indians, white English-speakers and white Afrikaans-speakers.

Each group would have veto power over any legislation affecting its language, religion or culture.

The *indaba* also proposed a strong bill of rights guaranteeing civil liberties. South Africa does not have a bill of rights.

The proposal was widely hailed here and abroad as a possible national model. At the same time, it was criticized by some officials because it unquestionably would dilute the authority of the central government, which the National Party has controlled since 1948.

That opposition has increased in the first weeks of the parliamentary election campaign. In addition to fears that the central government's authority would be weakened is a wariness by whites in the country's other provinces, particularly in the more conservative Transvaal and Orange Free State.

Peter Mansfield, communications director of the KwaZulu-Natal *indaba*, estimated that virtually all members of the far-right Conservative and Reconstituted National parties and about half the members of the National Party are against the power-sharing plan.

"Obviously, in a polarized society like South Africa's, it is not easy to get proposals like this accepted by all races," Mr. Mansfield said. "Obviously, whites on the right and blacks on the left will oppose the *indaba*."

He noted that the United Democratic Front, an anti-apartheid coalition, and the outlawed African National Congress both have rejected the proposal as a diversion from their struggle to end minority white rule nationally.

He said that the plan would, among other things, "put the final nail into the homeland policy." The government has sought through its homeland policy to achieve racial separation through 10 self-governing tribal quasi-states.

"It would be a major step forward for South Africa," Mr. Mansfield said.

He added that, if the central government refused to allow Natal to hold a formal referendum on the proposals, the *indaba* steering committee would test public opinion through an extensive polling procedure, probably in November or December.



Japanese sailors offering a toast after their final Antarctic voyage to hunt whales.

# Japan to Kill 875 Whales for Research

By John Burgess  
Washington Post Service

**TOKYO** — After announcing an end to five decades of commercial whaling in Antarctic waters, Japan said Wednesday that it plans to send a fleet back to the area late this year to kill 875 whales for research purposes.

That would equal 45 percent of the number that Japanese whalers caught in their final commercial season there, which ended last month. After examination by specialists, the research whales would be sold on the ordinary market in Japan.

The purpose of the research, Japanese officials said, is to help end a worldwide moratorium on commercial whaling organized by the commission. Last year, Japan

grudgingly agreed to abide by it starting in 1988 and last month announced its fleet had concluded commercial operations in one of its major hunting grounds, Antarctica. The ships would kill a random selection of 825 minke and 50 sperm whales. They would be dissected for data on such things as pregnancy rates, life span and male-female ratios. A whale's age cannot be accurately determined by observation, officials said, but becomes clear when deposits in the ears are examined.

Eight hundred-seventy five whales is the minimum needed for reliable scientific data, officials said. All 875 would be taken from this fall to the spring of 1988, with the Japanese government subsidizing the privately owned vessels conducting the hunt.

Japanese officials said the moratorium allows countries to conduct research whaling and set their own quotas. It also allows the meat to be sold to defray costs. Iceland is the only country now doing so, with plans for 120 a year, while Norway and South Korea are reported to be considering it.

# Police Interrogate 3 Nigerian Editors

**LAGOS** — Three editors of Newswatch, the Nigerian magazine banned after it published a secret report on the country's future political system, are being held by police for questioning, a government official said Wednesday.

Duro Ogunbade, chief spokesman for Nigeria's leader, Major General Ibrahim Babangida, said that the editor in chief, Ray Ekpu; his deputy, Dan Agbese, and the managing editor, Yakubu Mohammed, were "with the police for interrogation."

The military government said the report was illegally obtained and then published after officials and media professional bodies had advised the magazine, founded two years ago, to drop the story.

# Bustles, Minis Cross Atlantic

By Hebe Dorsey  
International Herald Tribune

**NEW YORK** — The New York collections are on and the word out of Seventh Avenue is short, short, short. The American designers are on the same wavelength as their European colleagues.

Even Bill Blass, who dresses "ladies" in swept them off their feet with a short, baby doll collection that got mixed reviews. Calvin Klein fared better with a spare, short and unfussy look very much in keeping with his clean, American sportswear tradition.

Blass's fans were disappointed by the very young and kooky styles, and distinctly upset by the mini hemlines. But Blass said: "It's been a long time since I've had such fun. Short looks fresh and new. I'm not

## NEW YORK FASHION

saying that all my customers should wear miniskirts but, if they chop their skirts by a couple of inches, I'll have achieved my purpose."

When told of possible store resistance, Blass, whose collection is taken on tour to at least 50 cities throughout the United States, said: "I think there is a whole new woman who will accept changes. I'm counting on her much more than on the stores." One buyer, who asked not to be identified, said he resented having to sell the little girl look to older women. "The price is definitely not little girl," he said.

Blass's collection, especially the evening, was Christian Lacroix revisited. Puffs, bubbles and bustles were all over but delivered with a simpler, easier hand. Bustles, for instance, which are vastly complicated concoctions in Paris, were reduced to two side panels gathered at the back into a bow and voilà, a bustle. What customers objected to the most were all the swirly, short and ruffy baby doll dresses, which were a far cry from Blass's usual adult, sophisticated look.

Actually, Blass is on the right track. Although fashion experts and Lacroix himself may think that pouf dresses are passé, one has the feeling that they are just beginning to make an impact in this vast country where the fashion machine moves slowly. At a so-called Spring Dance at the Metropolitan Museum of Art the other night, short and pouffy dresses were the only striking new note in a mass of indifferent evening clothes.

Blass, who said pouf dresses were the only things selling in the stores last season, has honed the look. On a long, black velvet torso, he attached black-and-white satin Hartique checks, striped black and white taffeta or a cluster of cabbage roses.

There was still some old Blass in this collection. The suit-with-raincoat group, in several different checks, stood out, as did all the fake jungle prints. Broadtail suits and sequined paisley suits told a familiar deluxé story. Sable cuffs and hems were also in that category and fresh, bright colors, including a sharp poppy red, were in Blass's tradition. The combination of back-decoleté sweaters and satin skirts was all-out American and all-out Blass.

As skirts go up, the leg story keeps emerging. In most collections, legwear was opaque and blended with the colors of the outfits. At Blass's there was a wide variety of hose from ribbed to lace. For evening, however, it was back to sheer legs and high heels.

Calvin Klein got a roaring ovation with a collection that did not include a single pouf. Klein said before the show that he is into a whole new mood. He has bought a new house and is moving away from clean, contemporary decor into eclectic clutter filled with objects and sculptures.

Klein showed a leggy collection and some pretty sharp curves, offset by stretch fabrics, the newest thing on the market. "They feel sensual and comfortable," he said. He, too, took a firm stand for short. "Long is old-fashioned and static," he said. How short skirts should be depends "on how good you feel, on how



Bill Blass's red taffeta bubble dress.

good your legs are." There was no glitter in his collection, only mat fabrics.

Short coats included a group of check coats in brown checks worn over stretch-jean chinos and tight tights. Tall boots climbed over the knee. Black stretch turtleneck sweaters outlined athletic torsos. Silk raincoats were also cropped short and worn over snug miniskirts.

The one-button suit, with ultra-long jackets over a mini, was a sharp departure from Klein's famous pants. The dangerously diving V décolleté signaled the beginning of a new and surprisingly aggressive sexy look. Long the arbiter of the girl-next-door, Klein has indeed changed.

Colors included a lot of black for evening, especially the so-called couture group, about 30 pieces that Klein makes for Bergdorf Goodman. Made of expensive French lace, these include neat, short suits as well as mermaid dresses finished with a generous satin ruffle.

Carolina Herrera's collection, whose beginning — particularly the sable-lined coats — was inspired by Blass while the end was totally Lacroix, was not up to her usual standards. Notably lacking were the great entrance dresses that Herrera does so well.

# GORBACHEV: Architect of Soviet Change-Faces Entrenched Resistance

(Continued from Page 1)

social chaos, interpreted as an assurance to ideologues who may view the trend of change alone as a threat to socialist order.

According to the consensus of reformist Soviet economists — including Abel G. Aganbegian, Oleg T. Bogomolov and Leonid Abalkin — the current economic changes are unlikely to yield major results for two to five years.

"In economic life, the changes are not visible yet," said Mr. Bogomolov, director of the Institute for World Socialist Systems. "They may take four years, maybe five years, maybe longer. But they will be achieved."

Conceding that the changes introduced so far are limited and will thus only yield limited results, Mr. Abalkin said he expects a shift in the next three to four years from a stage of limited experimental reforms to a program of "radical improvements in all aspects of the economic system."

Mr. Aganbegian, an adviser to Mr. Gorbachev and arguably the Soviet Union's leading reformist economist, concurred with the prognosis. "By any account, we have just made the first steps," he said. Identifying the reform of the Soviet price system — as yet unresolved — as "the most important event in the whole of the reconstruction," Mr. Aganbegian said that "preparation for that will take two to three years."

Since Mr. Gorbachev ushered in the era of reform in a celebrated speech in April 1985, the Soviet leadership has introduced more than 200 new measures aimed at making the economy perform more efficiently, Mr. Aganbegian said.

The most important are: legislation encouraging cooperatives and individual labor initiatives; an experiment in self-financing of major Soviet enterprises; a rule allowing collective farms to publicly market 30 percent of their produce; a draft law on socialist enterprise that should allow enterprises more independence from the government ministries.

Besides price reforms, the broad future plans would deal with

such controversial matters as new wage and taxation reforms. Such topics that have been taboo for years, according to Mr. Abalkin, who heads the Economic Institute of the Soviet Academy of Sciences. Under this plan, wages would be paid according to performance levels and prices would be based more rigidly on cost to eliminate state subsidies, which amount to an estimated \$75 billion a year for food alone.

One unknown ingredient in the pace of the transition to the next stage of reforms, however, is the commitment of the Soviet political leadership — including the ruling Politburo and the Central Committee — to the more controversial measures.

Mr. Gorbachev has announced that at its next plenum in June, the Central Committee will address the issue of what he calls radical reform. But it is unclear whether the committee will agree to such issues as a change in the price structure, Mr. Aganbegian and other economists have indicated.

Opposition to the reforms was established early and has not faded. Mr. Gorbachev has called the mainstay of the resistance a "mechanism of inertia" in the face of "reconstruction," and divided it into sectors, including organs of the Communist Party, the general public and, above all, the vast army of bureaucrats responsible for carrying out the changes.

The motivating force sustaining the Soviet drive — and distinguishing the Soviet effort from similar struggles to revive socialist economies in Hungary, China and Southeast Asia — is the close and often aggressive involvement of the country's leader. During his two years in office, Mr. Gorbachev's push for reforms has assumed the emotional fervor of a crusade.

However, under Mr. Gorbachev the Politburo has been largely

purged of old guard members who were the biggest potential threat to the 56-year-old leader.

Even without Mr. Gorbachev, the movement for economic reform would likely prevail among many Soviet economists and managers simply because it is so direly needed.

"And yet, according to various Soviet officials, the struggle to overcome resistance and skepticism has achieved little progress."

"The Soviet public was not psychologically prepared for these reforms," said Fyodor Burlatsky, a journalist for the official weekly Literaturnaya Gazeta.

"The Chinese, used to political gyrations, had the Cultural Revolution of the 1960s as a warm-up," he said. "The Hungarians announced their reforms 10 years before they started them. We had virtually 60 years of conservative government and then — bang! — the reforms came from on high, Gorbachev and his colleagues. Everyone ran for cover."

Stalin's dominant personality left a powerful impression among the people of the Soviet Union. He is still remembered as much as a labor disciplinarian and industrializer as the purveyor of mass terror. Until the beginning of the 1980s, bus and truck drivers regularly propped his picture inside their vehicles.

In his drive to industrialize the Soviet Union, Stalin at first met stiff resistance, too. The frustration of confronting such a stubborn public disdain for modernization may have exacerbated Stalin's penchant to use ruthless force.

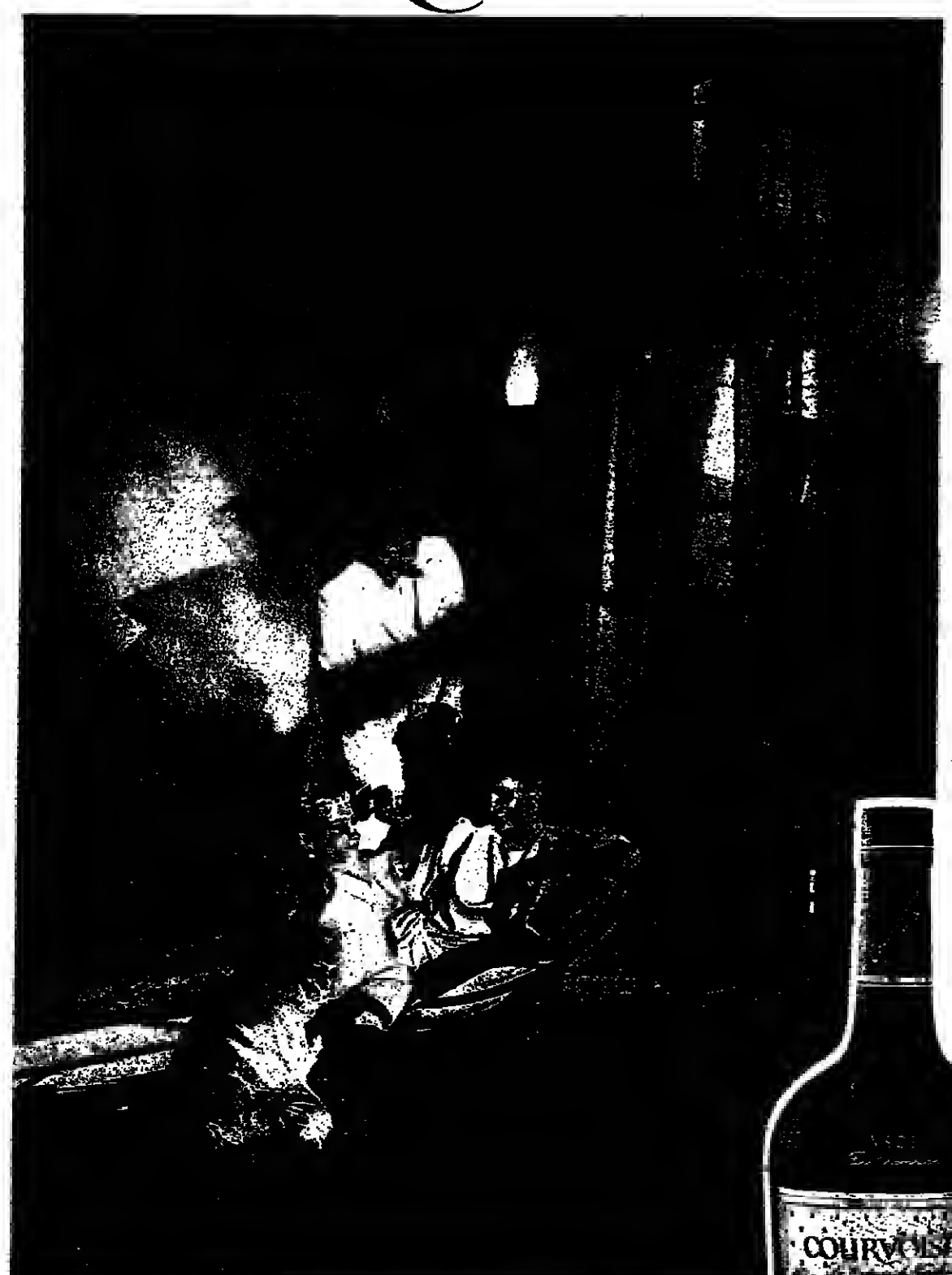
Against that background, Mr. Gorbachev's fight to drag the Soviet Union into the age of technology fits a broader historical pattern.

## 70 Soviets Die in Avalanche

AGENCE FRANCE-PRESSE

**ISLAMABAD** — Seventy Soviet soldiers assigned to a military post near Khejran in northern Afghanistan's Salang region were killed in an avalanche last week, Western diplomats said Wednesday.

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FBI	104	10	10	+
ADT	204	15	15	+
AMC	204	15	15	+
AMT	204	15	15	+
AMR	204	15	15	+
AMT	204	15	15	+
AMT	204	15	15	+
AMT	204	15	15	+
AMT	204	15	15	+
AMT	204	15	15	+

NYSE 3 p.m. volume	146,146,000
NYSE 4 p.m. volume	22,484,000
NYSE 5 p.m. volume	13,450,000
NYSE 6 p.m. volume	14,228,000
NYSE 7 p.m. volume	14,228,000
NYSE 8 p.m. volume	14,228,000
NYSE 9 p.m. volume	14,228,000
NYSE 10 p.m. volume	14,228,000
NYSE 11 p.m. volume	14,228,000
NYSE 12 p.m. volume	14,228,000

High	Previous	Close	Today	3 P.M.
Composite	131.64	148.25	148.25	148.44
Industrials	142.12	164.84	164.84	164.13
Transport	78.77	74.37	74.37	74.17
Utilities	124.45	154.44	154.44	154.44
Finance	78.77	74.37	74.37	74.17

Wednesday's  
**NYSE**  
3 p.m.  
Via The Associated Press

Not available at press time
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Index	Today	Week	Year
Composite	438.17	438.17	438.17
Industrials	438.17	438.17	438.17
Finance	438.17	438.17	438.17
Utilities	438.17	438.17	438.17
Stocks	438.17	438.17	438.17
Tran.	438.17	438.17	438.17

Vol.	High	Low	Last	Chg.
Block	1123	12	12	+
Block	1123	12	12	+
Block	1123	12	12	+
Block	1123	12	12	+
Block	1123	12	12	+

Bonds	Prev. Close	Today
Utilities	93.27	93.27
Industrials	91.34	91.34

Not available at press time
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Buy	Sales	Surv.	
April 7	431,494	779,246	5,653
April 8	461,997	812,273	5,274
April 9	346,402	544,843	6,843
April 1	363,773	463,144	26,914

Not available at press time
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Index	High	Previous	Close	Today	3 P.M.
Industrials	271.83	242.61	242.61	244.81	244.81
Transport	115.42	112.54	112.54	112.51	112.51
Utilities	201.14	202.22	202.22	202.22	202.22
Finance	82.89	82.66	82.66	82.66	82.66
Stocks	202.66	204.47	204.47	204.47	204.47

Not available at press time
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Index	High	Previous	Close	Today	3 P.M.
AMEX	344.50	341.41	341.41	341.41	341.41

## Blue Chips Active on NYSE

**United Press International**  
NEW YORK — Prices on the New York Stock Exchange turned mixed late Wednesday in active trading as blue chip issues held the high ground while the broader market turned lower.

Traders said a firm bond market, a rising dollar and wide premiums on stock index futures helped the market counter pressure from profit-takers.

At 3 P.M., the Dow Jones industrial average had slipped 12.35 points to 2,373.29, after falling 44.60 points Tuesday, when it reversed a five-day rally that sent the Dow to its first close above 2,400. Declines led advances by about an 8-7 ratio.

Volume totaled about 149.16 million shares, compared with 158.12 million in the same period Tuesday.

Prices were mixed in active trading of American Stock Exchange issues.

"Blue chip issues showed strength, but the whole advance has become more choppy," said Richard McCabe, manager of the market analysis department at Merrill Lynch & Co. "It's only natural that the market would hit more profit taking after moving up so sharply in January and February."

Joseph Barthel, director of technical strategy at Philadelphia-based Butcher & Singer, said Wednesday's weakness in the broad market reflects the trend to a "narrowing band of

leadership" that has been occurring since late January.

He said stocks drew strength Wednesday from a rallying dollar, lower crude oil prices, a slightly stronger bond market and calmer commodities markets.

"It's the right combination for a near-term rise in equity prices," said Mr. Barthel.

First Boston Inc. Fund was the most active NYSE-listed issue, unchanged at 10.

UAL was up 5/8 to 71. It has received a buyout proposal from its pilots union, which some analysts think has the backing of developer Donald Trump.

Texaco was up a bit. Warning that it faces "imminent financial collapse and bankruptcy," Texaco obtained a temporary injunction from a Texas court Tuesday that bars Pennzoil from collecting a \$10.3 billion judgment against the oil giant in their battle over Getty Oil Co.

Among blue chips, Philip Morris, General Electric, IBM, AT&T and General Motors were higher.

Among other technology issues, Digital Equipment, Cray Research and NCR also were mixed.

Compaq Computer was ahead. It said it expects first quarter earnings will exceed 42 cents a share, up from 37 cents in the year-ago period.

Rabobank was up. The company reported first quarter earnings rose to 28 cents a share from 22 cents and said it expects the favorable trend to continue through this year.

On the AMEX, active issues included Blocker Energy, which was off slightly. Red Lion Inns and Wickes were lower.

12 Month High	Low	Stock	Chg.	Vol.	PE	52	100	High	Low	3 P.M. Out.
239	104	AAR	50	13	23	12	12	12	12	12
210	104	AOT	10	13	23	12	12	12	12	12
110	104	AFIC	10	13	23	12	12	12	12	12
110	104	AMCA	10	13	23	12	12	12	12	12
110	104	AMH	10	13	23	12	12	12	12	12
110	104	AMR	10	13	23	12	12	12	12	12
110	104	AMT	10	13	23	12	12	12	12	12
110	104	AMT	10	13	23	12	12	12	12	12
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110	104	AMT	10	13	23	12	12	12	12	12

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210	104	AMT	10	13	23	12	12	12	12	12
110	104	AMT	10	13	23	12	12	12	12	12
110	104	AMT	10	13	23	12	12	12	12	12
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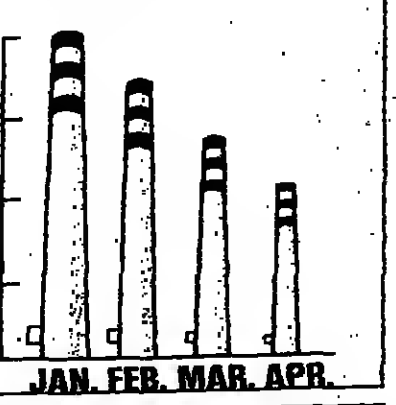
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110	104	AMT	10	13	23	12	12	12	12	12
110	104	AMT	10	13	23	12	12	12	12	12

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FROM 1875... REW

THURSDAY, APRIL 9, 1987

WALL STREET WATCH

Speculation Could Herald Demise of the Bull Market

By VARTANIG G. VARTAN

NEW YORK — Since the Dow Jones industrial average has sailed past five "century" marks already this year, it is no wonder that Wall Street analysts keep lifting their market expectations.

On Monday, the Dow closed above 2,400 for the first time, ending at 2,405.54. It began the year at 1,895.95 and until Tuesday had tallied a gain of nearly 27 percent.

Five signals may show "when the end is near," one analyst predicts.

Despite his belief that stocks will advance beyond 2,500, Mr. Wien thinks the market is setting the stage for its first decline of more than 10 percent since 1984.

From a classic fundamentalist viewpoint, he asserts that a surge of "speculative fervor" will lay the groundwork for a major decline.

For one, he is watching trading volume on the New York Stock Exchange. "Before the current advance is over, I expect to see as many as three days of extraordinary volume, that is, over 300 million shares daily, in one week," Mr. Wien said.

On Jan. 23, 1987, the Big Board recorded its busiest day ever, as trading boomed to 302.39 million shares.

MR. WIEN is also watching for signs that individual investors are pouring money into the market through mutual funds and Individual Retirement Accounts, are aggressively buying stocks on their own.

"We will know this is happening," he said, "not only because the overall volume of listed and over-the-counter trading will be high but because the average size of a transaction on the New York Stock Exchange will start to fall and the tape will begin to run late consistently."

A third signal would be heavy speculation in over-the-counter stocks. Mr. Wien believes that "smaller-capitalization issues, which he regards as the market's most undervalued sector currently, will outperform the blue chips in the final stage of the market surge."

Another telling signal of the end of a bull market, he said, could be a bulge in the volume of new issues, including "hedging companies with strange-sounding names" coming to market.

It was huge speculation in new issues and over-the-counter stocks that caused the market's last important setback. As measured by the Dow industrials, the market dropped 15.59 percent over eight months, ending at 1,086.57 on July 24, 1984.

A sharp decline in the Japanese stock market would constitute the fifth signal. Such an event, he suggested, would cause Japanese investors to pull back on their investments abroad.

So far, however, the Japanese market keeps advancing. On Tuesday, the Nikkei Dow Jones average, consisting of 225 major Japanese companies, rose 198.54, closing at a record 22,784.65.

Summing up, Mr. Wien said: "So far, we have seen only the first warning traces. You won't get all five signals at once. Just three signals would be sufficient to warn the end is near."

H.K. Bars New Type Of Share

Class B Issues Unsettled Market

By Patrick L. Smith

HONG KONG — The government and the stock exchange on Wednesday disallowed a controversial type of share that would allow majority stockholders to reduce equity investments in their companies while maintaining control of them.

David A.C. Nandick, Hong Kong's monetary affairs secretary, said the government would disallow new Class B share listings at least until a review by a panel of officials is completed.

He said the panel would review securities regulations allowing the issue of shares with disproportionate voting rights.

The decision came in response to increased instability in the stock market since Jardine Matheson, Cbeung Kong and Hutebison Whampoa announced over the past two weeks plans to issue Class B shares.

Concern among investors centered on the ability of major shareholders to use the new class of stock as a way of reducing their exposure in the territory and reinvesting elsewhere, without relinquishing control of local assets.

Since China and Britain agreed on the return of Hong Kong to Chinese sovereignty in 1997, the stock market has been viewed by some local companies as a convenient way to turn fixed assets into movable capital.

After Jardine Matheson Holdings Ltd., a multinational conglomerate, announced on March 27 that it would issue Class B shares, there were reports from merchant bankers that numerous other companies intended to do the same.

Jardine intended to issue four shares of Class B stock, at no cost, for each ordinary share. The Class B shares would be worth one-tenth the value of ordinary shares, which were to be designated as Class A; but A and B shares would carry equal voting rights.

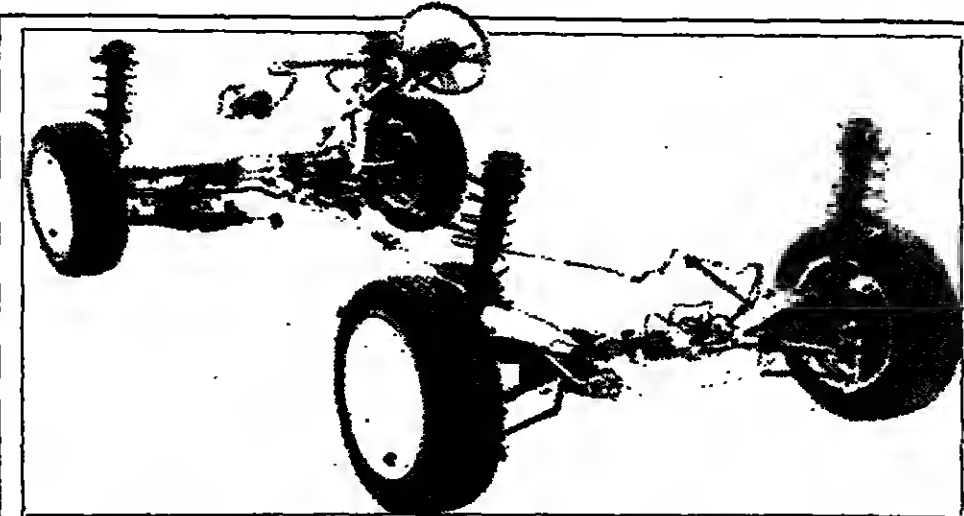
In the proposals subsequently announced by Hutchison Whampoa Ltd. and Cheong Kong (Holdings) Ltd., one Class B share would be issued to each holder of two Class A shares.

All three companies said their intentions were to free up expansion capital without altering ownership structures in which shareholders had voted their confidence.

Investors responded warily. By selling Class A stock and acquiring Class B, they reasoned, large shareholders could reduce their capital risks without forfeiting controlling corporate positions.

The government decision was disclosed before stock exchange trading began Wednesday. The Hang Seng index ended the session 2,729.55, up 64.85 points but still off more than 100 points from last month's record levels.

All three stocks for which Class B shares were to be offered were among the most actively traded Wednesday and all three gained substantially.



Japanese Turn to 4-Wheel Steering Automakers Say It May Become Standard on Some Cars

TOKYO — Major Japanese automakers will soon begin selling cars with sophisticated four-wheel steering, a feature that could become standard on high-priced cars in the future, automotive industry officials said Wednesday.

Beginning Friday, Honda Motor Co. will sell its Prelude with four-wheel steering, company officials said.

Mazda Motor Corp. officials said a model with the new steering will be out by midyear. Mazda aims to ship the cars overseas before year-end, but the decision will depend on its acceptance by consumers.

Nissan Motor Co. has offered a less sophisticated four-wheel steering system on its Skyline since August 1985. Toyota Motor Corp. exhibited its developments in the field at a recent motor show, and Mitsubishi Motors Corp. said it would begin using its system in the near future.

Though major U.S. and European automakers have also researched and tested the four-wheel steering system, they say they are waiting to see consumer response to the Japanese cars and for further improvements in safety and costs.

Four-wheel steering allows drivers to maneuver more easily into parking spaces and gives more control on sharp turns.

Mazda officials believe the new steering will improve safety. At extremes, four-wheel steering gives a driver more control, said an official. On slippery surfaces or at high speeds, the system reduces unnecessary movement of the vehicle.

U.K. Unhappy With Japan Over Stock Exchange

Compiled by Our Staff From Dispatches TOKYO — Japan has failed to meet Britain's demands for greater access by British financial companies to the Tokyo Stock Exchange and will face retaliation unless it budges, a visiting British trade official warned Wednesday.

"We haven't had yet what we want," said Michael Howard, the British undersecretary of state for corporate and consumer affairs.

Mr. Howard, ending three days of talks here amid trade tensions, said he had also expressed Britain's frustration over the huge imbalance to its trade with Japan and with Tokyo's handling of demands by Britain's Cable & Wireless PLC for a greater role in Japan's telecommunications business.

The British trade deficit with Japan reached \$5.9 billion last year. Mr. Howard said he was dissatisfied with the Tokyo exchange's response to Britain's nonnegotiable timetable for increased British membership, and repeated the government's threat to ban Japanese financial institutions from London.

In a separate news conference, TSE President Michio Takeuchi said the exchange had done its utmost to liberalize its membership and called on Britain to make some concessions.

According to Mr. Takeuchi, Mr. Howard wants three British firms to be named members of the exchange by the end of this year, but neither minister would name the companies. Japanese news reports have also said Mr. Howard wanted Japan to show willingness on this matter within the next two months.

"Next May [1988] is the earliest possible date for opening our membership and I want the British government to understand this," Mr. Takeuchi said, noting that the trading floor needs to be expanded.

Later, Mr. Howard replied: "We find it very difficult in our country to understand why the considerable ingenuity and resourcefulness of the Japanese [in world markets] is unable to overcome problems of that kind."

Japan has until the next meeting of senior officials from the two countries in May or June to come up with a positive response to the British timetable or face retaliation, he said.

But reports from London suggest that the British, fearing financial retaliation could backfire by hurting London markets, are now considering reacting to the telecommunications dispute by instead restricting Japanese telecommunications equipment makers from the British market.

Cable & Wireless is likely to receive far less than the 20 percent stake it is seeking in a future consortium of mostly Japanese companies seeking to compete with Japan's existing foreign telecommunications monopoly, Kokusai Denhin Denwa Co.

Mr. Howard, who met Wednesday with Kiyoshi Osawa, the deputy minister for post and telecommunications, said he had not come to Japan to negotiate on behalf of Cable & Wireless, but to express the government's profound concern.

"There is a law in Japan which permits foreign participation up to 33.3 percent," he said, adding that plans by Cable & Wireless were "perfectly in line with this law."

(Reuters, UPI)

Airbus Struggles to Cope With Engine Setback

By Axel Krause International Herald Tribune PARIS — The surprise decision to shelve a high-powered engine that would have powered Airbus Industrie's planned A-340 aircraft has touched off a debate on both sides of the Atlantic that has political, economic and industrial implications for the future of West European cooperation.

Central to the debate is whether the Airbus Industrie consortium can recover from the setback.

The engine designer, International Aero Engines, said Tuesday that it could not meet a 1992 deadline for its new "SuperFan" V-2500 engine, which had attracted many potential customers to the A-340.

An alternative French-U.S. engine for the A-340 will be proposed by Airbus to airlines soon. But strategy meetings were hurriedly being scheduled in West Germany, Britain and France, the major Airbus partners, on Wednesday to cope with what a senior French aerospace executive described as "a dramatically confused situation."

Government officials from the three countries emphasized that there was no question of abandoning the \$4 billion project for a jointly built long-haul A-340 and the medium-range A-330 aircraft. The jetliners, which would have a common fuselage and wing, would compete directly against U.S. aircraft.

"We are at commercial war with Boeing and McDonnell Douglas" of the United States, a senior French government official said. "You must understand that politically, Europe cannot back down now."

But he and his counterparts in Bonn and London conceded that basic financing decisions have not yet been made by any of the sponsoring governments of Airbus and that the shelving of the new engine has cast a cloud over the program.

"What has happened will make a decision to provide financial aid more difficult now," a West German Finance Ministry official said.

West Germany is being asked to provide \$1.37 billion in development aid, France \$1.48 billion and Britain \$1.21 billion.

As a result of the engine decision, Airbus is expected to set a new deadline for the formal launching of the A-330 and A-340, which had already been moved back to mid-April from late March because of failure to secure financing and orders, and the unavailability of engines. The date most frequently mentioned now is early June, to coincide with the Paris Air Show.

Among other possible consequences mentioned by U.S. and West European industry sources attempting to assess the future of Airbus were:

• The revival of cooperation talks between Airbus Industrie and McDonnell Douglas, which were started in the spring of last year, but abandoned several months later.

• Pressures on Airbus to change its marketing tactics, amid widespread criticism. Britain's Department of Trade and Industry said Wednesday that Airbus had "oversold" its capacity to deliver the A-340 with the SuperFan engine.

• The postponement of any decision by the sponsoring governments to commit funds to the A-340 and A-330 project until all the issues have been resolved, including the availability of the alternative engine being proposed by SNECMA of France and General Electric Co. of the United States.



Franz Josef Strauss

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Excess Liquidity a Problem for Thai Banks

BANGKOK — Thailand's improving economy may have helped its trade and finance position, but it has also created major problems for local banks, Thai and foreign bankers say.

They said \$900 million in savings from cheaper imported oil and 19.7 percent export growth last year contributed to the country's first current account surplus in 20 years.

But the bright picture, together with a government program to help farmers cope with depressed commodity prices, coincides with sluggish investment by a private sector still feeling effects of the 1984-86 recession.

Thai banks have had growing surplus funds and difficulties finding borrowers since the third quarter of 1986.

Kunthorn Naritprom, head of the budget and planning division of Thai Farmers Bank Ltd., estimated that excess liquidity in banks peaked last month at 60 billion baht (\$2.3 billion), three times what he considered normal. Bank of Thailand figures show total deposits in 1986 grew 12.7 percent to 627.7 billion baht, while lending rose only 3.4 percent to 543.6 billion.

The lending/deposit ratio, which measures bank loans as a percentage of deposits, fell to 86.6 percent last month, the lowest since the 1970s, after averaging 96.6 percent in 1985.

Mr. Kunthorn said the banks hold 4 billion to 10 billion baht in short-term government bonds bought through the Bank of Thailand's bond repurchase facility, double the normal amount.

Thailand's 16 local commercial banks registered one of their worst years in 1986, with overall profits falling more than 30 percent after a 14 percent decline in 1985.

Mr. Kunthorn said profits should increase 10 percent this year as the banks adjust to the new interest rate structure.

Olarn Chairpravat, senior executive vice president of Siam Commercial Bank Ltd., said last week that the liquidity problem stemmed partly from the fact that most loan demands come from businesses seeking funds for small, labor-intensive projects.

He said there are few large, capital-intensive projects and many borrowers go offshore to meet their requirements.

Weekly net asset value Tokyo Pacific Holdings N.V. on April 6, 1987: U.S. \$195.16

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Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Euro, Swiss Franc, Japanese Yen, etc.

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Other Dollar Values

Table with columns for Currency, Bid, Ask, and other values. Includes entries for Australian Dollar, Canadian Dollar, etc.

Sources: Reuters, Bank of Tokyo, Citicorp, etc.

Interest Rates

Table with columns for Deposit, Rate, and other interest rate information.

Sources: Reuters, etc.

Key Money Rates

Table with columns for Instrument, Rate, and other key money rate information.

Sources: Reuters, etc.

Asian Dollar Deposits

Table with columns for Instrument, Rate, and other Asian dollar deposit information.

Sources: Reuters, etc.

U.S. Money Market Funds

Table with columns for Fund Name, Assets, and other U.S. money market fund information.

Japan's Unions Agree to Annual Pay Raise of 3%

Agency France-Press TOKYO — Japan's major industrial unions agreed Wednesday to their lowest annual wage increase since the end of World War II, an average of a little more than 3 percent, union sources said.

The unions belong to the Japan Council of Metal Workers Unions, which sets the benchmark for private sector wage increases across the country.

The negotiations this year were led by the electrical and car industry unions.

Steel industry unions, the traditional leaders in winning pay increases in wage negotiations, gave up their demands for a uniform raise this year. The steel industry has been hard hit by a business slump caused by the steep rise of the yen.

The steel unions had already accepted minor increases ranging from 1.55 percent to 1.65 percent, or about 3,800 to 3,900 yen (\$26.20 to \$27.90) a month.

That compared with a uniform 2.66 percent increase last year.

Electrical unions got raises of about 3.6 percent — 7,000 to 8,000 yen a month — compared with a 4.85 percent increase last year, the sources said.

Auto industry unions settled for raises ranging from 3.03 to 3.64 percent, or 7,100 to 8,000 yen a month, the sources said. Last year, those unions got raises of 4.57 to 5.11 percent.

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BUSINESS ROUNDUP

Rolls-Royce Aims at Small Investors

LONDON — The British government announced initial plans Wednesday for its public sale of the Rolls-Royce Ltd., the government-owned engine maker, saying that investors would need to buy a minimum of 400 shares in a sale totaling an estimated £1 billion (\$1.62 billion).

Key German Labor Talks Break Down, IG Metall Says

By Ferdinand Protzman International Herald Tribune FRANKFURT — Key labor talks in the West German metalworking industry have broken down, the IG Metall union said Wednesday. Officials said they had asked the national union to declare the negotiations ended.

The talks over pay and working hours collapsed Tuesday night in Nordwürttemberg-Nordbaden, the key auto-building region covering 700,000 workers that generally sets the trend for the rest of the country.

If the union's national board, which meets Thursday, approves declaring the talks as failed, then the regional union will propose going to arbitration, union sources said.

IG Metall, Western Europe's largest union with 2.5 million members, is reviving its campaign for a 35-hour work week and is demanding a 5 percent pay increase.

Strikes for a 35-hour week in 1984 brought West Germany's automobile industry virtually to a standstill for several weeks. Those

Elders Plans to Sell Off 5,000 Courage Pubs

LONDON — Elders IXL Ltd. plans to sell off the roughly 5,000 public houses belonging to its British subsidiary, Courage Ltd., to raise about £1 billion (\$1.62 billion), Elders' strategy executive director, Stuart Kelso, said Wednesday.

The flotation could be as early as June, he said. Elders would retain a one-third interest in the pubs. Elders, an Australian brewer, bought Courage from Hanson Trust PLC last year for £1.4 billion.

BUSINESS PEOPLE

Citicorp Recruits Mergers Specialist

By Arthur Higbee International Herald Tribune Citicorp, moving to become a major force in mergers and acquisitions, says its investment bank unit has hired Gordon R. Wolf, who was formerly responsible for identifying takeover targets for First City Capital Corp., an investment firm owned by Canada's Belzberg family.

To Our Readers

Please send information about management changes to: Business People International Herald Tribune 181 av. Charles de Gaulle 92200 Neuilly Cedex France or Telex 612-718 Fax 4637-9370

Atlas Corp., a mining company based in Princeton, New Jersey, succeeds Edward R. Farley Jr., 67, a former chairman who will continue as chairman of the board's executive committee.

COMPANY NOTES

Avon Products Inc. has agreed to buy Giorgio Inc., a fragrance company, for \$185 million in cash. Avon said Giorgio, whose annual revenues are more than \$100 million, will be operated as a separate company.

Boeing Co. said Canadian Airlines International would buy six 767-300ER planes and take options on eight more in a transaction valued at more than 1.6 billion Canadian dollars (\$1.22 billion). The six extended range planes on firm order are for delivery between April 1988 and April 1989.

BNP said the move was a step in diversification of its financial services. Nissbo Ival Corp. and Kawasaki Heavy Industries Ltd. have jointly won an order to build 200 subway cars worth about \$200 million for the Metropolitan Transportation Authority of New York.

in a venture with Westinghouse Corp., had filed suit in New York alleging that an order for Kawasaki would violate an Amral contract.

NEC Corp. filed suit in Tokyo to halt temporarily the manufacture and marketing of Seiko Epson Corp.'s NEC-compatible PC 286 personal computer and HDD-20 interface board, which it claims infringe on software copyrights.

RepublicBank Corp. placed \$182.6 million of all loans to Brazil on a nonaccrual basis as of March 31. The Dallas-based bank said the reclassification would reduce first-quarter earnings by \$2.8 million after taxes, and earnings for the year by \$11 million after taxes.

Xerox Corp. and Du Pont Co. will spend \$40 million this year to form a joint venture in copiers using technology licensed from Savin Corp. The venture will be called DX Imaging. Savin, of Stamford, Connecticut, dropped its efforts to develop products using the technology more than a year ago, saying expenses had nearly bankrupted it.

Farmer to Financier, Gardini Leads Ferruzzi Group's Expansion

By David Brown Special to the Herald Tribune

ROME — After his unsuccessful bid for British Sugar PLC earlier this year, Raul Gardini, chairman of Italy's Ferruzzi empire, was too busy to spend much time milking. Instead, he launched an expansion of his agricultural company with breathtaking speed.

After Britain's Monopolies and Mergers Commission rejected this bid in late February, Mr. Gardini calmly pushed through two business coups last month that consolidated his hold on Italian corporate power and stunned the country's financial community.

First came announcements that Ferruzzi had increased to 40 percent from 27.6 percent its stake in the Montedison chemicals giant. With this stake, it effectively controls the company, the No. 2

business enterprise in Italy after Fiat SpA. Ferruzzi is No. 3.

Then, in late March, Mr. Gardini engineered the biggest foreign acquisition by an Italian company. The purchase from CPC International Inc., the U.S. foods group, of its European business for \$630 million has bolstered Ferruzzi's position as one of the continent's major agro-industrial combines.

This expansion began quietly enough with smaller acquisitions and capital injections in subsidiaries, but then snowballed. The man who has carefully cultivated an image as a backwoods hunter and deep-sea sailor moved so fast even the normally astute Milan brokers admit they were taken by surprise.

"Who was Raul Gardini a year ago?" asked one fund manager. "Hardly anyone had ever heard of him." But now the markets are wondering what this self-

styled "country farmer in a suit" has in store for them.

The company has aggregate annual sales, including Montedison's 13 trillion lire, of more than 24 trillion lire (about \$18.5 billion). It does not consolidate its accounts, so group profits are unavailable.

Mr. Gardini, who at 53, is one of Italy's richest men, married into the Ferruzzi clan. He took the helm of the family company when his father-in-law died in 1979 in an airplane crash. He concentrated on reinforcing the company's solid position as a landowner and shipper, and Europe's leading grain trader, and the controlling force in Italian sugar processing.

But, a broker with Banca Manusardi & C. said, "He wasn't really part of the Milan financial scene." So there were hardly flurries of excitement when, the

next year, he quietly revealed that Ferruzzi had taken control of Behn-Say SA, the French sugar and paper company.

The mid-1980s boom on Milan's stock market opened a financing window. Starting in late 1985, Ferruzzi subsidiaries began to tap the market, each time for modest sums, which by the end of last year totaled 23 trillion lire. The turning point was reached in October 1986.

Mario Schimberni, the Montedison chief, was locked in a bitter battle for his independence from an entrenched private sector elite. This group was led by Enrico Cuccia, a traditional power in Italy's private industry as chairman of the Mediobanca SPA merchant bank.

Mr. Gardini, a member of the board, reportedly mediated the dispute. Then, slipping his foot through the door, he became the single largest shareholder

with a 14.5 percent stake in Montedison to support Mr. Schimberni.

To date, he has spent more than \$1.7 billion in what some call a risky move to gain control of the chemicals giant.

The CPC acquisition gave Mr. Gardini control of the European Community's biggest corn starch producer, with a 35 percent market share.

Mr. Gardini insists the deal forms an integral part of his campaign to make Ferruzzi Europe's leading agricultural business.

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15	15	ACI	1.20	84	712	146	146
15	15	ACI	1.20	84	712	146	146
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15	15	ACI	1.20	84	712	146	146
15	15	ACI	1.20	84	712	146	146

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**INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) - 8th April 1987**

Net asset value quotations are available by the funds listed with the assistance of funds listed on the basis of the following symbols: (D) - daily; (W) - weekly; (M) - monthly; (R) - quarterly; (I) - irregularly.

Fund Name	Asset Value	Change
ALM MANAGEMENT	\$ 274.95	
ALM MANAGEMENT	\$ 274.95	
ALM MANAGEMENT	\$ 274.95	
ALM MANAGEMENT	\$ 274.95	
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**CURRENT Dollar**

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**Herald Tribune**



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CURRENCY MARKETS

Dollar Slightly Higher in Active Europe Trading

LONDON — The dollar closed higher Wednesday in moderately active European trading, buoyed largely by position squaring as operators awaited news from meetings of leading industrial nations in Washington.

London Dollar Rates

Table with columns: Currency, Bid, Ask, Bid, Ask. Includes Deutsche mark, Swiss franc, Japanese yen, French franc, and others.

1.8245 DM at Tuesday's close, and at 146.55 yen, up from 145.30. The British pound closed at \$1.6130, down from \$1.6190 Tuesday.

The dollar finished below the day's trading highs of 1.8410 DM and 147.40 yen. Most dealers said they were skeptical that any major initiatives would be agreed upon at the Washington talks but they were reluctant to hold short dollar positions.

High Yen Cuts Profits in Japan

TOKYO — The combined taxable incomes of 223 big Japanese companies in the business year that ended last November dropped 21.3 percent from the preceding year because of the yen's appreciation, a government agency said Wednesday.

Currency Talks Open in Washington

WASHINGTON — Finance and monetary officials of the major industrial democracies began meeting individually and in two groups Wednesday to discuss ways to strengthen their February accord to stabilize currencies and calm international financial markets.

Finance Minister Gerhard Stoltenberg of West Germany said before the meeting of the Group of Five that the agreement to stop the dollar's 18-month slide had been successful.

Miyazawa said he was satisfied with the pact and the cooperation of the Reagan administration in stabilizing the dollar.

Wednesday's OTC Prices NASDAQ prices as of 3 p.m. New York time. Via The Associated Press.

Table of OTC prices for various stocks including ADCs, ASK, ABB, etc.

Table of stock prices for various companies like ABB, ABB, etc.

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Table of stock prices for various companies like ABB, ABB, etc.

Wednesday's AMEX 3 p.m. Table of stock prices.

Table of stock prices for various companies like ABB, ABB, etc.

Main table of stock prices for various companies including ABB, ABB, etc.

ing paper, shell, screens and other vegetables as well as pots and pans. you to flip the brush over your brushes are 23.50, but those with

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ART BUCHWALD

The Pancake Dollar

WASHINGTON — I was walking down the street when I saw my friend Alan Guimond coming toward me with a wheelbarrow.

"What are you doing, Alan?" "I'm buying up every wheelbarrow I can get my hands on. With the dollar soaring the way it is everyone will need a wheelbarrow to go to the store."



Buchwald

"You're joking, Alan. The dollar has never looked better."

"I don't joke about wheelbarrows," he replied. "The tip-off came to me when the van Gogh painting was sold at auction last week for \$39.9 million. I said to myself, 'Alan, if that's what they're paying for sunflowers, you better get into something more comfortable.'"

"What is really going on?" I asked.

Alan replied, "There are too many dollars bouncing around, and not enough things to buy with them. The guy who bought the van Gogh decided he'd rather have one picture of yellow sunflowers than 59.9 million pictures of George Washington. He has made it impossible for anyone to buy a van Gogh for \$5 million again. That is why you're going to need a wheelbarrow to go to the supermarket."

"It doesn't make any monetary sense."

"It was all a game," said Alan. "We printed billions and billions of dollars."

Marking Women's Progress

TOKYO — Admirers of a Japanese woman poet who foresaw a dramatic rise in the status of women unveiled Tuesday a stone monument that says her dream came true in Norway, where the 18-member cabinet includes eight women. The monument commemorates Akiko Yosano, who died of a stroke in 1942 at the age of 63. She wrote a poem in 1911 entitled "The Day the Mountain Will Move," envisaging the "awakening of all women in sleep."

Eurodollars and petrodollars and just plain old-fashioned American dollars, and kited them into the air. As long as they stayed up there no one paid attention. Well, they're starting to float down and people want something besides a pretty Treasury bond to hang on their walls. And while they're looking for something to purchase with their money they are going to have to buy a wheelbarrow.

"How many people can afford van Goghs?"

"No matter," Alan said. "Everything else is out of sight as well. Have you seen the houses they are buying these days? Improved lean-tos go for half a million, and remodeled outhouses for a quarter of a million. When a \$50,000 house now sells for \$900,000 you know there is going to be a big demand for wheelbarrows. Look, I'm not making much of a profit on them. I have put money where my mouth is. I'm selling a \$150 wheelbarrow for \$800."

"Is that reasonable?"

"It's more reasonable than paying \$39.9 million for a painting by a guy with a sliced-up ear."

"What is the answer?" I asked. "We have to find something to substitute for dollars."

"What do you suggest?"

"Lakes. I am advocating we get off dollars and go on the lake-stake dollar."

"What are lakes?"

"They're potato pancakes that have ethnic significance. The reason they are better than dollars is if you can't find anything to buy, you can eat them. But the strongest case for the lake is the Japanese hate them."

"What is to prevent the lake from becoming as weak as the dollar?"

"The people's faith in it. As Americans lose confidence in the dollar they have to turn to something. Why not a potato pancake, which goes especially well with pork roast?"

"You couldn't have come along at a better time. I was going to use my life savings to go to a Broadway show. Now I'm going to put them in lakes. One more question. If inflation is getting so bad why didn't the president tell us about it?"

"He forgot."

Gothic Horror Show

By Diane Ackerman

"GOTHIC," the new Ken Russell film, begins with music of vibrating doom, ghoulish spirits whizzing past from another world, an insane frothing-at-the-mouth flamenco. A distant object, floating in the blackness like a murder weapon of some sort, becomes minimally clearer as it approaches, then fills the screen as a human skull while the music booms.

This latest Frankenstein movie doesn't focus on the monster but on the kinkiness of Mary Godwin (the future Mrs. Shelley) and her friends, Byron, Percy Bysshe Shelley, Dr. Polidori and Claire Clairmont, who vacationed together in 1816 at the spooky castle Villa Diodati, in Switzerland, where they engaged in polyvalent sex and funhouse theatrics involving rats, snakes, loaches, birdskins, run-through mazes, pools of thick slime, creaking gates, clinging spiderwebs, bottles of biological monstrosities, doors that open and close by themselves, and bouts of lovelorn sadomasochism.

"It is an age of nightmares," Byron says. "Chill my blood!" In scenes lit like Georges de la Tour paintings, with one main light source—a candle, a fire or light wedging in through an open door—the quiet find opium-induced ways to amuse themselves. The weather is poor, so they pass a little time reading ghost stories, and for sport they all decide to write some themselves.

At a later date, Dr. Polidori created an early version of Dracula, but on this lightning-flecked night, amid violence and laudanum, Mary Shelley's "Frankenstein" was born.

People have often wondered what inspired a 19-year-old woman who lived very much in Shelley's shadow to create such a riveting and unforgettable monster. According to "Gothic," it was in large part the horror of creating a stillborn child herself, a fear that haunts many women. "Rosemary's Baby" held a special charm for women; what pregnant woman doesn't fear at some point that she may give birth to something abnormal, a devil, a monster?

The interwoven sex lives, jealousies, streaks of sadism, emotional whiplash and fraternity-party antics fueled the rest of Mary Shelley's inspiration, according to the film. I'm not sure this Mary Shelley, who comes across as juvenile and not very



Gabriel Byrne as Byron with Myriam Cyr in Ken Russell's film "Gothic."

bright, could create a novel as startling and sensitive as "Frankenstein."

Film-makers have always emphasized the demonic side of Mary Shelley's book, which is also about a search for identity, love, mortality, the brutality of innocence, the necessary finality of death. The marvel of the novel is that the reader sympathizes with both Dr. Frankenstein and the monster he sets loose. Sensitive, bungry, living in the bushes, shivering from the cold, subsisting on acorns and berries, witnessing human love and affection which he craves, the monster is at times tender, pathetic, naive. He has read "Paradise Lost" and many other works of poetry, history and ethics. If we think of him as a crazed criminal mind, that is because of the 1931 film by James Whale in which we see him receive a brain marked "abnormal." But that is not in Mary Shelley's book. In the book, the monster tries desperately to fit into human society, only to be spurned by everyone, including his creator, because he is so hideous. In this, the story is reminiscent of Jean Cocteau's film, "La Belle et la Bête" ("Beauty and the Beast"), where, in Latin on the beach of the Beast's chair, lies the motto: All men are beasts when they don't have love.

The book also triggers our nightmares about science and technology. In Mary

Shelley's time, it was the Industrial Revolution, in our time nuclear weapons. In the book, one of the problems with mankind's having godlike power is that mankind doesn't have a godlike conscience to go with it. The book boils with these issues and many others, and it's no wonder that it continues to speak to readers.

Though "Frankenstein" lies at the heart of the horror genre, most horror films now are obsessed with a different theme. I don't mean the ones in which maniacal men carrying chains saws and razors punish single women for living alone or talking jobs, although those are certainly alarming. I do mean ghost stories, in which we exhale loudly as order falls from chaos in the closing scenes. And I don't mean scary whodunits, at the end of which the universe seems temporarily less random, violent and inexplicable.

Our real passion, by far, is for films in which vile, loathsome beasts, gifted with ferocious strength and cunning, stalk human beings and eat them. It doesn't matter much if the beast is a fast living "Killer Shrew" or a nameless, acid-drooling "Alten." They dominate the genre.

The truth is that we don't seem to have gotten used to being at the top of our food chain. It must bother us a great deal, or we wouldn't keep making movies, generation

after generation, with exactly the same scare: The tables are turned and we become a prime food source.

Are such films our version of the magic drawings on cave walls that our ancestors confronted? Are we still confronting them? In an especially tense scene in "Aliens," a little girl says to the movie's heroine, Ridley Scott: "My mother told me there were no monsters. But there are. How come parents teach their children things like that?" Ridley gave her an answer of sorts, but the real answer is probably closer to wishful thinking. If mommy didn't believe in her heart of hearts, or in her reptilian brain—how ever you want to call it—that there were still monsters living in a city's sewer system or on board any space station, she wouldn't be going to the box office in record numbers to welcome the ordeal of watching savage dogs with infra-red vision stalking humans and ripping them limb from limb.

Mary Shelley would marvel at how her premise had evolved into high-tech monsters who travel in spaceships, not rowboats, but carry with them the same age-old yearnings, and wreak havoc just like the boll-necked original.

Diane Ackerman's "On Extended Wings," a memoir about flying, has just been published in paperback by Scribner's. She wrote this article for The New York Times.

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